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# Government Policy Optimization for Enhancing Micro Honey Pineapple Enterprises in Belik Toward Achieving the Sustainable Development Goals (SDGs)

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## Abstract

This study analyzes government policy effectiveness in supporting micro honey pineapple businesses in Belik District, Pemalang Regency, and their role in achieving the SDGs. Using multiple linear regression and Focus Group Discussions (FGD), the findings show that suboptimal policies negatively impact SDG achievement (-0.128), while micro-business growth has a positive effect (0.455) but is not statistically significant. Policy optimization has the strongest influence (0.925), reinforcing the importance of well-targeted, sustainable interventions. An Adjusted R Square value of 0.647 indicates that policy, business growth, and optimization explain 64.7% of SDG variations. FGD highlights key challenges: limited capital access, reliance on middlemen, weak digital marketing, and insufficient policy guidance. Entrepreneurs favor collaborative policies such as digital marketing training, which enhance business competitiveness. The study underscores the urgency of reforming policies to ensure the sustainability and resilience of micro-businesses. A participatory, demand-driven approach can drive economic growth while fostering inclusive development aligned with the SDGs. Optimizing government strategies will strengthen the micro-business sector, improve livelihoods, and reduce economic disparities in Pemalang Regency. Addressing structural barriers and ensuring effective policy execution are crucial in shaping a more sustainable and equitable local economy.

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## Keywords

Government Policy, Micro-Business Growth, Policy Optimization, Sustainable Development Goals (SDGs)

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## INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) have a vital role in the national and local economy. MSMEs are not only the largest absorbers of labor, but also a means of equitable income distribution, a driver of the people's economy, and an important instrument in realizing the Sustainable Development Goals (SDGs). Especially in supporting Goal 1 (No Poverty), Goal 8 (Decent Work and Economic Growth), and Goal 9 (Industry, Innovation, and Infrastructure) (Toran et al., 2019).

In the framework of the grand theory of sustainable development, as stated by (Sen, 1991) in *Development as Freedom*, development is not only seen in terms of economic growth, but also from the extent to which people gain freedom to improve their standard of living, including through productive economic activities such as micro-enterprises. Therefore, support for MSMEs is actually a strategic investment in building an inclusive, productive, and competitive society.

One example of local potential that is relevant to this is the development of honey pineapple commodity-based micro-businesses in Belik District, Pemalang Regency. This commodity is not only superior from an agronomic perspective, but also has high added value if managed on a micro business scale. However, various structural challenges still shackle business actors, such as limited capital, narrow market access, low quality of human resources, and lack of innovation and technology (Murniawaty et al., 2022).

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To overcome these obstacles, intervention through public policy is very necessary. According to Mazmanian and Sabatier (1983) in the theory of public policy implementation, the effectiveness of a policy is determined by the clarity of objectives, available resources, and the participation of the actors involved, including the community as beneficiaries (Bali et al., 2019). Therefore, policies directed at strengthening micro enterprises must not only be top-down, but also responsive to needs at the local level.

In addition, from the perspective of Baumol's (2010) contextual entrepreneurship theory, the success of micro enterprises is highly dependent on the social, economic, and institutional environment in which they operate. In this context, government support in the form of training, access to capital, digital marketing, and business infrastructure is an integral element of efforts to create a healthy and sustainable entrepreneurial ecosystem (Kamysbayev et al., 2025).

However, the reality on the ground shows that not all business actors have felt the direct impact of government policies. Some programs are considered ceremonial, unsustainable, or not in accordance with business needs. Therefore, a thorough evaluation is needed on the real contribution of government policies to the growth of micro businesses, especially in the context of the honey pineapple business, and the extent to which these policies support the achievement of the SDGs in a measurable and meaningful manner.

This research combines a quantitative approach, to measure the contribution of policies to increasing production, income, and business scale, as well as qualitative, to explore the experiences, perceptions, and constraints of business actors through in-depth interviews and Focus Group Discussions (FGD). As such, the study is expected to make a theoretical and practical contribution to the formulation of more targeted and sustainability-oriented policies.

## **LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT**

### **Government Policy**

Government policies towards the development of micro-businesses, especially honey pineapple businesses, play a strategic role in encouraging local economic growth. According to the theory of Public Policy put forward by Friedrich & Mason (1941), public policy is a series of actions consciously designed by the government to achieve certain goals in society. In the context of micro-businesses, policies that facilitate access to capital, entrepreneurship training, and marketing support have been proven to be able to increase the competitiveness of small business actors.

Furthermore, the theory of Economic Growth by Schumpeter (1934) emphasizes that innovation and economic policies that are pro-entrepreneurship are the main drivers in creating economic growth dynamics (Langroodi & Langroodi, 2021). Therefore, in the development of the honey pineapple micro business, the role of policies that support product innovation, business diversification, and opening up market access is very vital in expanding the scale of the business and increasing revenue.

These findings are reinforced by several previous studies. A study conducted by Eka Amelia, Lutfi Aris Sasongko (2021) on the strategy for developing a honey pineapple processing business in Belik District shows that government policy interventions in the form of business management training and market access facilitation have made a real contribution to increasing production capacity and income of business actors. Meanwhile, research (Latifah & Dyah, 2021) on local economic development through honey pineapple cultivation highlights that this commodity has great potential in improving people's welfare. The economic policies applied in the management of the honey pineapple business have been proven not only to strengthen local values, but also to have a positive impact on the economic empowerment of the community in an inclusive manner.

**H1:** Government policies have a positive and significant impact on the achievement of the SDGs

### **Micro Business Development**

The inhibiting factors in the development of micro businesses, especially in the honey pineapple business sector, can be analyzed through the perspective of entrepreneurship theory and social capital theory. The Entrepreneurship Theory put forward by (Kirzner, 2019) emphasizes that the

success of small businesses is highly determined by the ability of business actors to recognize opportunities and access relevant resources, such as capital, labor, technology, and markets. In this context, obstacles such as limited access to capital, low financial literacy, and limited distribution reach are significant factors that hinder the growth of honey pineapple micro businesses.

Furthermore, the Social Capital Theory introduced by (Brehm & Rahn, 1997) explains that social relationships, beliefs, and community networks play an important role in supporting economic activities. Social capital in the form of business networks, cooperation between business actors, and support from community institutions can help business actors overcome external constraints, such as limited access to information, product distribution, and promotion. In other words, the existence of a strong social network allows for more efficient information exchange, business collaboration, and resource mobilization.

This finding is in line with a study (Harinugroho et al., 2021) that conducted a study on the financial aspects and strategies for the development of the honey pineapple business in Subang. The results of the study show that the honey pineapple business has high financial viability, both in terms of net present value (Net Present Value) and the rate of return on investment (Internal Rate of Return). However, the study also highlights a number of structural obstacles faced by business actors, especially related to limited access to business capital and supporting infrastructure, such as distribution roads and post-harvest facilities. Therefore, facilitative policy interventions and strengthening social capital are important aspects that need to be considered in efforts to overcome these obstacles and encourage the sustainability of micro-businesses in the agricultural sector.

H2: Micro Business Development has a positive and significant effect on the achievement of the SDGs

### **Policy Optimization**

The optimization of government policies towards the achievement of the Sustainable Development Goals (SDGs) can be analyzed through the Sustainable Development Theory approach proposed by Sachs (2015), which emphasizes that sustainable development includes three main dimensions, namely economic, social, and environmental. On the other hand, the \*Theory of Economic Inclusivity\* developed by (Sen, 1991) emphasizes the importance of policies that encourage active participation of the community in economic activities. These two theories provide a strong conceptual basis that inclusive and sustainability-oriented public policies have an important role in improving people's welfare, especially through the development of micro-enterprises.

Previous research by Kartika Trianita et al., (2020) regarding the development strategy of the honey pineapple processing business in Belik District strengthens this theoretical approach. The results of his research show that government policies contribute significantly to improving community welfare through support for training, marketing, and access to capital for micro business actors. These findings confirm that targeted policy interventions can increase the capacity of local potential-based businesses.

Based on the literature that has been studied, it can be concluded that government policies have a strategic role in encouraging the growth of honey pineapple micro businesses, which indirectly also supports the achievement of SDGs targets. Policy optimization based on the real needs of business actors, as well as a participatory approach, is the main key to maximizing development impacts. Therefore, the government needs to strengthen inclusive and collaborative policies, as well as increase business actors' access to financing, digital marketing training, and supporting infrastructure. This step is important to ensure the sustainability and competitiveness of micro businesses, as well as support more equitable and sustainable local economic development.

H3: Policy Optimization Has a positive and significant effect on the achievement of the SDGs

### **METHODS**

This study uses a *mixed methods* approach (Matović & Ovesni, 2023), which combines quantitative and qualitative methods to obtain a comprehensive understanding of the influence of government policies on the growth of honey pineapple micro businesses in Belik District, as well as inhibiting factors and policy optimization efforts. The research methods carried out are:

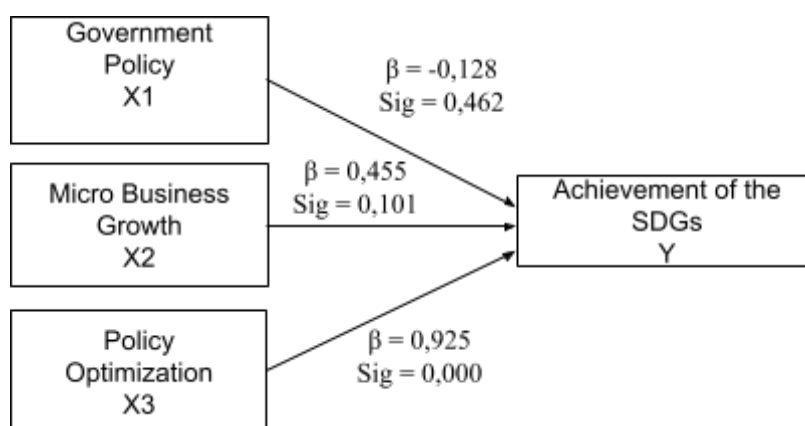
### Quantitative Methods

The quantitative method is to conduct a survey to collect data on government policies, microbusiness development, and policy optimization towards achieving the Sustainable Development Goals/SDGs. Where the subject of the research is a honey pineapple business actor in Belik District, with a research tool in the form of a questionnaire designed to measure various aspects such as production, marketing, access to capital and government policy support. Statistical analysis was then carried out with descriptive analysis techniques, regression, and correlation analysis to test the relationship between the variables studied.

### Qualitative Method

The qualitative method is to conduct in-depth interviews with the aim of exploring information about the challenges faced by honey pineapple business actors, perceptions of government policies, and their experience in utilizing these policies. The subjects of this study are honey pineapple business actors, farmers, and local government officials. The technique used is a semi-structured interview with interview guidelines compiled based on the literature and research objectives (Denny & Weckesser, 2022). The second method is to conduct a *Focus Group Discussion* (FGD), this method is used to obtain views and proposals from various stakeholders regarding government policies and policy optimization. The participants in this activity were honey pineapple business actors, farmers, government officials and agribusiness experts.

## RESULTS AND DISCUSSION



**Figure 1. Model test**

### Government Policy

The results of the regression test showed that the government policy variable (x1) had a regression coefficient of -0.128 with a significance value of 0.462 ( $> 0.05$ ), which indicated that there was no partial significant influence on the improvement of the economic indicators of honey pineapple micro businesses, namely production, income, and business scale. However, the results of the F test stated that simultaneously, government policies together with micro business growth (x2) and policy optimization (x3) had a significant influence on the achievement of the SDGs (sig. 0.000  $< 0.05$ ). This means that government policies continue to contribute when integrated with other supporting factors.

These findings are consistent with the theory of public policy implementation by Friedrich & Mason (1941), which states that the success of policies is influenced by the clarity of objectives, the support of implementing actors, and the socio-political environment. Policies that do not have a significant impact individually may be due to technical problems in implementation, such as lack of advanced training, inappropriate distribution of aid, or weak inter-agency coordination. This finding is strengthened by research by Cusolito & Maloney (2018) which states that public policies are only effective in increasing business productivity if they are accompanied by integration between programs and the active involvement of business actors. Therefore, government policies need to be focused on a needs-based and participatory approach, not just top-down programs that are administrative in nature.

The results of the FGD with business actors revealed that although several assistance programs such as pineapple processing training and the provision of packaging tools have been carried out, the impact is still limited. One of the participants said, *"The training is only once, after that there is no assistance. There are tools available, but many people don't know how to use them."* This reinforces the statistical finding that policies have not been substantively effective, because they are not sustainable and lack contextual.

### **Micro Business Development**

The micro business growth variable ( $x_2$ ), which reflects factors such as capital, market access, and business capacity, has a regression coefficient of 0.455 with a significance of 0.101. Statistically, this shows that these variables do not have a significant effect on the achievement of the SDGs, even though the coefficient value is positive. This interpretation shows that the increase in these factors does tend to have a positive impact, but it is not statistically strong enough, which can be caused by the large variation in barriers between business actors.

According to Baumol's (2010) contextual entrepreneurship theory, which emphasizes that the growth of small businesses is highly dependent on external environments such as infrastructure, policies, and market access. In the local context, honey pineapple business actors are faced with geographical challenges, limited means of transportation, and dependence on middlemen in product distribution. Research by Agustina & Yunita (2024) also shows that the main factor inhibiting MSMEs in rural areas is market access and business institutions that have not yet developed. Therefore, development strategies must be focused on strengthening the business ecosystem, not just increasing the capacity of individual actors.

This result is strengthened by the findings of the FGD, where the majority of business actors stated that they have difficulty accessing formal capital because they do not have adequate business guarantees or legality. One of the respondents stated, *"The bank asked for collateral, even though we were doing business at home, we did not have a certificate. If you want to borrow from a cooperative, the interest is high."* On the other hand, access to the market is also a major obstacle, because their products are still marketed locally and have not yet reached the digital market. Some participants even mentioned the dependence on middlemen, which led to very low profit margins. Other technical obstacles include limited storage and distribution transportation.

### **The Effectiveness of Government Policies on the Achievement of the SDGs**

The regression results showed that the policy optimization variable ( $x_3$ ) had a significant and very strong influence on the achievement of the SDGs, with a regression coefficient of 0.925 and a significance value of 0.000. This shows that when policies are implemented optimally, namely on target, accountable, sustainable, and supported by business actors, they will have a real impact on sustainable development goals such as poverty reduction, welfare improvement, and economic inclusivity.

These findings are in line with the New Public Management (NPM) approach which emphasizes the importance of efficiency and effectiveness in public policy management, as well as the involvement of non-state actors such as the private sector and society. In addition, Amartya Sen (1999) in the theory of "Development as Freedom", good public policy is one that opens people's access to economic opportunities and expands their life choices. These results are also in line with studies (Purnomo & Purwandari, 2025) which show that policies that are

responsive to the needs of MSMEs—especially in digitalization and market integration—have a real impact on the welfare of rural communities. Thus, the optimization of government policies not only has an administrative impact, but also plays a strategic role in achieving the sustainable development agenda.

During the FGD activities, business actors stated that the policies that they felt the most benefit from were those that were *collaborative and responsive to real needs*. For example, digital marketing training programs conducted by partner institutions (not directly from the government) is considered more useful because it directly helps them reach a wider market. One of the respondents stated, *"In the past, our pineapples were only sold in the village market. Now I can send it to Semarang because I know how to sell online."*

With regard to these results, policies will be more effective if they are designed bottom-up, which is based on input from business actors, not just standard programs from the center. This shows the importance of reformulation of policies based on field data and strengthening synergy between stakeholders.

## CONCLUSION

Based on the results of quantitative data analysis through multiple linear regression and a qualitative approach through Focus Group Discussion (FGD), it can be concluded as follows:

1. The contribution of government policies partially does not have a significant effect on increasing the production, income, and scale of honey pineapple micro businesses. This is reflected in the significance value of the government policy variable ( $x_1$ ) of 0.462 ( $> 0.05$ ). However, simultaneously government policies and other variables have a significant effect on the achievement of the SDGs (sig. 0.000). This means that government policies play a role when integrated with business growth factors and policy optimization. This finding is strengthened by the results of the FGD which shows that business actors have not felt the maximum benefits from policies that are unsustainable and lack of assistance.
2. The main inhibiting factors in the development of honey pineapple micro businesses include limited capital, market access, and inadequate infrastructure, as reflected in the micro business growth variable ( $x_2$ ) with a positive but insignificant coefficient (sig. 0.101). Although not statistically significant, the results of the FGD revealed that these obstacles were very much felt by business actors. Capital is difficult to access due to collateral constraints, while marketing still depends on middlemen. The lack of digital access and limited distribution transportation have also exacerbated this condition.
3. Government policy optimization has a significant and dominant influence on the achievement of the Sustainable Development Goals (SDGs), with a regression coefficient value of 0.925 and a significance of 0.000. This means that the more optimal the implementation of policies (on target, participatory, and sustainable), the greater its contribution to reducing unemployment, increasing economic inclusivity, and community welfare. The FGD shows that business actors highly appreciate collaborative policies, such as digital marketing training and online marketing facilitation, rather than one-way policies that are less applicable.

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