

Implementation of Management Functions (POAC) in the MSME Empowerment Program at the Ministry of Cooperatives and Small and Medium Enterprises

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Abstract

MSME empowerment is one of the important strategies in the government to improve the national economy and increase the competitiveness of small businesses in the midst of increasingly fierce market competition. To run it successfully, organized program management is essential. One of the approaches used is the POAC management function, which means planning, organizing, actuating, and controlling. This function is responsible for ensuring that the program runs systematically and in a directional manner. Using a descriptive qualitative method, this study aims to evaluate the application of POAC in the MSME empowerment program at the Ministry of Cooperatives and Small and Medium Enterprises. This study uses a descriptive qualitative approach to evaluate the implementation of Planning, Organizing, Actuating, and Controlling (POAC) in MSME empowerment programs at the Ministry of Cooperatives and SMEs. Data were collected through observation and document analysis, then examined using an interactive analysis model and data triangulation. The study identifies gaps between planning and implementation and provides recommendations to improve program coordination, accountability, and monitoring. The results show that the implementation of POAC is quite good and has a positive effect, especially on training, financing, and digitalization of MSMEs. However, there are obstacles such as a lack of supervision systems, poor coordination, and planning that is not yet data-driven.

1. Introduction

Micro, Small and Medium Enterprises (MSMEs) have a very important role in national economic development (Manzoor et al., 2021). This sector is not only the main support for the community's economy, but also contributes greatly to creating jobs, increasing community income, and equitable distribution of community welfare (OECD & European Commission, 2021). In addition, MSMEs also have a strategic role in strengthening a more inclusive economic structure (Alekhina & Ganelli, 2023). Even in unstable economic conditions, MSMEs are often considered as sectors that are able to survive because they have high flexibility in adapting to market changes (Gunadi et al., 2021). Therefore, the existence of MSMEs is one of the government's main focuses in an effort to improve community welfare and strengthen the national economic structure (Tambunan, 2021).

The Government of Indonesia through the Ministry of Cooperatives and Small and Medium Enterprises has implemented various MSME empowerment programs as a form of support for community business development. The program includes entrepreneurship training, business assistance, financing facilitation, marketing digitalization, and human resource capacity building. These various programs are designed to increase the competitiveness of MSMEs so that they can develop sustainably in the midst of increasingly complex economic competition. The presence of this empowerment program shows that the government is trying to make MSMEs a more productive and independent sector (Ramadhan, 2023).

However, the success of a government program is not only determined by the policies made, but also influenced by how the program is managed (Hafer, 2022). One of the key

determinants of effective public management is the ability of managers to organize and coordinate implementation processes to achieve organizational goals (Rasul et al., 2021). In the context of public organizations, program management requires the implementation of good management functions so that the set goals can be achieved effectively (Osborne et al., 2021). One of the management theories that is often used is the PAOC management function which consists of Planning, Organizing, Actuating, and Controlling (Retnandari, 2022). These four functions are interrelated and form the basis for carrying out a program systematically (Suliantoro et al., 2022). Without the implementation of proper management functions, even well-designed programs can experience obstacles in their implementation (Palmi et al., 2021).

In the MSME empowerment program, the planning function can be seen in the preparation of targets, objectives, and forms of activities that will be given to business actors (George et al., 2023). The organizing function can be seen in the division of tasks between work units within the ministry and coordination with local governments (Atmojo et al., 2023). Furthermore, the actuating function is related to the implementation of programs in the field (Asni et al., 2024). While the controlling function is related to the evaluation of the success of the programs that have been implemented (Erlangga et al., 2023). The implementation of these four functions is important because the MSME empowerment program involves many parties and requires targeted management so that the benefits can be felt by the community (Isnaeni, 2023).

Despite having a significant role, MSMEs still face various challenges in their development. Some of the problems that often arise include the lack of limited access to capital, low use of technology, and lack of coordination between program implementers, uneven program coverage, and evaluations that have not been carried out optimally. This condition shows that the implementation of management functions in public organizations is still an aspect that needs attention. If the management

function does not run optimally, then the goal of empowering MSMEs to increase the independence and competitiveness of business actors will also be difficult to achieve optimally. This condition causes some MSMEs to not be able to compete optimally, both in the market and globally.

Therefore, this research is important to examine how the implementation of management functions is applied in the MSME empowerment program at the Ministry of Cooperatives and Small and Medium Enterprises. This study focuses on the application of the planning, organizing, actuating, and controlling (POAC) function in the implementation of MSMEs, so that it can be known to what extent the implementation of these four functions supports the success of the MSME empowerment program. This research aims to understand the application of these management functions in the implementation of MSME programs, as well as provide an overview of the effectiveness of the program. The benefits of this research are expected to provide understanding for authors and readers, as well as be considered for related parties in the implementation of MSME empowerment programs.

2. Literature Review

2.2 The Concept of MSME Empowerment

MSMEs are economic activities that are able to provide jobs and play a role in the process of increasing people's income, even when there is an economic crisis, MSMEs are able to provide a boost in economic growth, especially in the Indonesian region. Minister of Cooperatives and SMEs Syarif Hasan (Depkop, 2012). Revealed that the growth of MSMEs in Indonesia has increased rapidly in the last two years. If two years ago the number of MSMEs was around 52.8 million business units, in 2011 it has increased to 55.2 million units. Given the importance of this strategic role, it is necessary to empower MSMEs to be able to grow and develop into independent businesses. MSME empowerment is generally carried out through training, mentoring, and financing access facilities, including through digitalization. A

digital-based approach is considered to be able to provide operational efficiency and expand the reach of the MSME market.

The empowerment of MSMEs is held as an effort to unite and develop the economy on a national scale to realize the vision and mission, namely the prosperity of the people. This requires the principles of togetherness, sustainability, and economic unity to achieve national economic sustainability.

2.3 The role of the government in empowering MSMEs

MSMEs need the role of the government to achieve success in encouraging credit distribution and training for MSME owners. The government's role includes providing subsidies from state budget funds for subsidized interest, but the overall financing is handed over to the appointed implementing banks. The government also sets policies and priorities for businesses that have received credit by providing assistance during the credit period. Thus, the role of the government will help in creating MSMEs that encourage the development of the country's economy.

2.4 Implementation of POAC in MSME empowerment programs

Micro, Small, and Medium Enterprises (MSMEs) play an important role in Indonesia's economy, especially in the fast-growing service sector in urban areas. Previous research shows that the POAC principle has been applied in various MSME empowerment programs, including within the Ministry of Cooperatives and SMEs. However, many MSMEs experience obstacles in business implementation, so a management function is needed in their management. Management function of Planning, Organizing, Actuating, and Controlling (POAC). The management function is the steps that will always exist in the management process that must be used as a reference in carrying out business activities to achieve the initial goal. The implementation of POAC in empowering MSMEs is also closely related to increasing productivity and managing the

business to be more systematic, especially in financial and production aspects.

2.5 The Relationship of POAC to Program Effectiveness

So that this systematic managerial approach will increase the success of MSME empowerment. Implementing POAC in an MSME program can increase organizational consistency to detect problems early before problems get worse, save time and costs, expand market access, and encourage community economic independence. Thus, the implementation of POAC management functions in government programs is the main factor in achieving the goal of empowering MSMEs.

2.6 Theory of management functions according to George R. Terry

George R. Terry is famous for his theory where a process consisting of four main functions is referred to as the concept of POAC, namely *planning, organizing, actuating, and controlling*.

a. Fungsi *Planning*

Planning is the initial process by which we determine the goals to be achieved and set a path to achieve the goals as effectively as possible. This needs to be given to the organization in order to establish the best procedures to achieve the initial objectives (George et al., 2023).

b. Fungsi *Organizing*

George R. Terry argues that actions are taken to group effective behavior relationships between people, so that they can work efficiently, and get personal satisfaction at work.

c. Fungsi *Actuating*

George R. Terry tahun 1986 stated that actuating is an effort to move the members of the group in such a way that they want and strive to achieve the goals of the company and the goals of the members of the company because the members also want to achieve these goals (Rosidi & Ardana, 2022).

d. Fungsi *Controlling*

All management functions cannot run

properly without *controlling*. This supervision occurs where the final process is able to guarantee that the plan that has been implemented is in accordance with the structure that has been set. Supervision has two sides, namely positive supervision and negative supervision (Alshammari & Alenezi, 2023; Nwankwo & Hamza, 2021).

2.7 Management Theory according to Henry Fayol

Henry Fayol is one of the pioneers of modern management theory that proposes management functions that include *planning, organizing, commanding, coordinating, and controlling*. This concept then developed and simplified into POAC. According to Henry Fayol, management must be carried out systematically and structured so that an organization is able to achieve its goals effectively and efficiently. Henry also emphasized that management principles such as division of labor, authority, and responsibilities, as well as unity of command are considered very important in running an organization, especially in empowering MSMEs.

In the context of empowering MSMEs, this theory is relevant to carry out how coordination between institutions, and clarity of structure can increase the success of government programs. The principle of coordination and unity of direction is very important in ensuring that all empowerment programs run in line with the national goal of increasing the competitiveness of MSMEs.

3. Research Methods

This study applies a qualitative approach with the descriptive fanaticism method which aims to critically evaluate the application of Planning, Organizing, Actuating, and Controlling (POAC) management functions in the MSME empowerment program at the Ministry of Cooperatives and Small and Medium Enterprises. The qualitative approach was chosen because it was able to provide a holistic understanding of complex managerial processes, especially in the context of government bureaucracy where program

effectiveness is often influenced by inter-agency coordination and integrated data quality. The researcher focuses on the analysis on how modern management theory, particularly the theory of George R. Terry and Henry Fayol, is implemented as an instrument to achieve national strategic goals in increasing the competitiveness of MSMEs.

The primary data source in this study comes from observations on the implementation of the ministry's flagship programs, such as digitalization programs and access to financing which have become important pillars in strengthening the economic structure. Meanwhile, secondary data is collected through documentation study techniques, which include analysis of performance reports, ministry strategic planning documents, and academic literature related to public policy and community economic empowerment. This data collection process also involves reviewing relevant previous research to provide a comparison of common barriers such as limited digital literacy and human resources in the field.

The data analysis technique is carried out using an interactive analysis model, which includes the stage of data condensation, systematic presentation of data, and conclusion drawing or verification. In the analysis stage, the researcher examines the extent to which the planning function has been evidence-based and how the organizing function handles potential overlapping programs through coordination between stakeholders. Furthermore, to ensure the validity and reliability of the research results, data triangulation techniques are used to confront field findings with established management theories. Through this method, the research is expected to be able to identify the gap between the managerial plan and the reality of implementation, so that recommendations can be formulated for improving the monitoring system that is more accountable and transparent.

4. Results and Discussion

In the MSME empowerment program organized by the Ministry of Cooperatives and

Small and Medium Enterprises of the Republic of Indonesia, the management function of Planning, Organizing, Actuating, and Controlling (POAC) has mostly been carried out systematically. However, there are still some issues that make the program less effective.

In the planning stage, the ministry has prepared various strategic programs, including entrepreneurship training, access to financing, and the digitization of MSMEs. These programs are designed by taking into account national policy directions and the needs of MSME stakeholders. However, the results of the analysis show that the planning carried out has not been fully based on integrated and comprehensive data, causing some programs to miss the target, and the ministry's planning function has developed but still needs to improve the elements of evidence-based planning. This is in line with the research of previous studied, which states that data-based planning is an important component in improving the efficiency of MSME programs (Putri et al., 2025).

At the organizing stage, the ministry has a clear organizational structure with well-defined roles and functions. In addition, there is cooperation with financial institutions, local governments, and digital platforms. However, in practice, there are still problems in coordination between institutions. This leads to program overlap and suboptimal information distribution. This situation shows that, although the organizational structure has been well designed, the effectiveness of the organization is still influenced by coordination and communication among stakeholders. The success of an organization's functions is not only determined by its structure but they also note that integration and synergy among the parties involved are equally important (Malau et al., 2025).

In the actuating stage (implementation) various programs are carried out to support MSMEs, which include training, business assistance, and digital and conventional marketing services. One of the strategic steps to increase the competitiveness of small and medium enterprises (MSMEs) in the digital

economy era is the existence of a digitalization program. The results of the study show that, in improving the skills and market access of MSMEs in the implementation of this program, it has a positive effect. However, there are still several obstacles, such as limited human resources, lack of digital literacy for some MSME actors, and differences in program access between cities and rural areas. This shows that the control function is running well, but it is not yet uniform and integrated. These results are in line with previous studied who stated that resource readiness and equitable access greatly affect the success of program implementation (Safiih et al., 2025).

Furthermore, at the controlling stage, the ministry has monitored and evaluated the implementation of the program through activity reports and performance indicator measurements. However, the monitoring system used is still very conventional and not fully digital. As a result, the evaluation process has not been able to provide quick and accurate feedback on the effectiveness of the program. This shows that the control function still needs to be improved, especially if information technology is used to support a more transparent and accountable monitoring system. These findings are in line with previous studied, who stated that effective control requires an integrated system capable of providing data in real-time (Mohi et al., 2019).

Overall, the implementation of POAC management functions in the MSME empowerment program has increased the capacity and competitiveness of business owners. However, to improve program efficiency, several improvements are needed, such as digitizing the monitoring system, improving coordination between agencies, strengthening data-based planning, and improving coordination between agencies. MSME empowerment programs will become more efficient, effective, and sustainable if the four management functions are optimized.

In terms of organizing, the ministry has a clear organizational structure with a well-defined division of roles, including strategic cooperation with financial institutions, local

governments, and digital platforms. Although the structure has been designed in a well-established manner according to management principles, in practice there are still coordination obstacles between institutions that cause overlapping programs and suboptimal information distribution. This situation reinforces the argument of previous studies that the success of an organization is not only determined by its structural design, but is highly dependent on real integration and synergy among all parties involved (Malau et al., 2025).

At the implementation stage (actuating), various real interventions have been carried out through business assistance and digitalization programs to increase the competitiveness of MSME actors in the digital economy era. The results of the study show that these measures have a positive impact on upskilling and expanding market access for small business actors. However, this success has not been completely even due to limited human resources, low digital literacy among some MSME actors, and the gap in program access between urban and rural areas. This condition indicates that the mobilization function is already running, but its implementation is not uniform and requires a stronger equal access strategy.

Finally, at the controlling stage, the ministry monitors through activity reports and performance indicator measurements to evaluate the implementation of the program. The main challenge in this stage is the monitoring system that is still conventional and not yet fully digitally integrated. As a result, the evaluation process is often slow in providing accurate feedback on the effectiveness of programs in the field. In line with the findings of (Mohi et al., 2019). Effective surveillance requires an integrated system capable of providing data in real-time to ensure transparency and accountability. Overall, although the implementation of POAC has increased the capacity of business owners, sustainable optimization through the digitization of monitoring systems and strengthening cross-sectoral coordination is the

main key to making MSME empowerment programs more efficient and sustainable.

5. Conclusion

Based on the analysis, the implementation of Planning, Organizing, Actuating, and Controlling (POAC) in MSME empowerment programs at the Ministry of Cooperatives and Small and Medium Enterprises has been conceptually structured and systematically designed. In the planning function, the ministry has developed programs aligned with MSME capacities and needs, although synchronization between planning and implementation remains limited. In the organizing function, institutional structures and task distribution have been formally established, while cooperation with financial institutions, local governments, and digital platforms has supported program delivery. In the actuating function, empowerment initiatives have been carried out through training, mentoring, and financing facilities. However, implementation is still constrained by limited human resource capacity and insufficient participation from MSME actors, reducing the potential for sustainable change. In the controlling function, supervision has been conducted through activity reports and performance indicators, but the use of integrated real-time data is still needed to strengthen transparency and accountability.

Overall, the success of MSME empowerment programs depends not only on the formal application of POAC, but also on the quality of coordination, implementation effectiveness, stakeholder participation, and the strength of the monitoring system. Therefore, improving human resource capacity, strengthening cross-sector collaboration, and developing integrated data-based supervision are necessary to ensure that programs are more effective, targeted, accountable, and sustainable. These improvements can support the competitiveness, independence, and long-term development of Indonesian MSMEs while contributing to national economic growth. This study is limited by its descriptive qualitative approach and reliance on observation and

document analysis, which do not fully capture stakeholder perspectives or quantitatively measure program outcomes. Future research should apply mixed methods, include broader participants and regions, compare programs across areas, and use longitudinal analysis to assess the effectiveness and sustainability of POAC implementation over time and generate more comprehensive and generalizable evidence for policymakers.

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