

THE ROLE OF LOCAL GOVERNMENT IN SUPPORTING THE SUSTAINABILITY OF LEMANG MSMEs AFTER THE OPERATION OF THE TRANS SUMATRA TOLL ROAD

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ABSTRACT

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The development of large-scale infrastructure, such as toll roads, is expected to stimulate regional economic growth; however, it may also generate unintended negative impacts on local Micro, Small, and Medium Enterprises (MSMEs). This study aims to analyze the role of local government in supporting the sustainability of lemang MSMEs in Tebing Tinggi City following the operation of the Trans Sumatra Toll Road. A descriptive qualitative research design was employed, using in-depth interviews with government officials and lemang MSME owners, supported by observation and document analysis. Data were analyzed through an interactive qualitative approach involving data reduction, data display, and conclusion drawing, with government performance examined through an organizational behavior perspective encompassing motivation, leadership, communication, organizational culture, and decision-making. The results indicate that the operation of the Trans Sumatra Toll Road has significantly reduced customer access and daily turnover of lemang MSMEs, with average income declining by up to 50 percent. Although the local government has implemented several support measures, including administrative facilitation and limited promotional activities, these interventions have not been sufficient to ensure MSME sustainability. The findings reveal weaknesses in adaptive leadership, effective communication, flexible decision-making, and innovation-oriented organizational culture within the responsible government agency. This study concludes that strengthening organizational behavior dimensions within local government institutions is essential to mitigate the negative impacts of infrastructure development and to enhance the sustainability of traditional MSMEs. The findings provide practical insights for policymakers in designing more adaptive and inclusive MSME development strategies amid structural economic changes.

1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a strategic role in supporting economic growth, employment creation, and income distribution, particularly in developing countries such as Indonesia. MSMEs are recognized as the backbone of the people's economy due to their labor-intensive nature, reliance on local resources, and resilience during economic crises (Sulistyantuti, 2014; Purwanto, 2017). In Indonesia, MSMEs contribute more than 60 percent to national Gross Domestic Product (GDP) and absorb the majority of the workforce, highlighting their importance in sustaining economic stability and social welfare.

Despite their significant contribution, many MSMEs continue to face structural challenges, including limited access to capital, weak managerial capacity, constrained market access, and vulnerability to policy and environmental changes (Sumawinata, 2016). These challenges become more complex when MSMEs are confronted with large-scale infrastructure development. Infrastructure projects such as toll roads are often designed to improve connectivity and economic efficiency; however, they may also generate

unintended negative consequences for local businesses that depend on traditional transportation routes and roadside markets (Badan Perencanaan Pembangunan Nasional, 2018).

The construction and operation of the Trans Sumatra Toll Road have significantly altered traffic patterns across several regions, including Tebing Tinggi City in North Sumatra. Previously, Tebing Tinggi functioned as a strategic transit city where travelers frequently stopped to purchase local products. Following the operation of the toll road, traffic flow through the city center declined sharply, reducing customer visits to traditional MSME locations. One of the most affected sectors is lemang MSMEs, a traditional culinary business that has existed since the 1950s and represents a cultural and economic identity of Tebing Tinggi City.

Empirical evidence indicates a substantial decline in both the number of lemang vendors and their sales performance after the toll road became operational. As presented in Table 1, lemang MSMEs experienced a continuous decrease in the number of active vendors and a significant decline in sales between 2019 and 2023, reflecting the weakening sustainability of this traditional business sector.

Table 1. Decline in Lemang MSME Sales in Tebing Tinggi City (2019–2023)

Year	Number of Vendors	Sales Decline (%)
2019	34	23.5
2020	26	23.1
2021	20	30.0
2022	14	28.6
2023	10	20.0

Source: Office of Trade, Cooperatives, and MSMEs of Tebing Tinggi City (2024).

The data demonstrate that the most severe decline occurred after the toll road began to fully operate, suggesting a strong relationship between infrastructure development and the decline of traditional culinary MSMEs. Similar findings were reported by Manullang and Samosir (2019), who found that toll road development negatively affected MSMEs in traditional trading areas due to reduced traffic flow and customer access. In response to these challenges, the role of local government becomes essential. The Office of Trade, Cooperatives, and MSMEs of Tebing Tinggi City is institutionally responsible for formulating policies, providing guidance, and facilitating the development of MSMEs. Government performance in supporting MSMEs can be analyzed through an organizational behavior perspective, which emphasizes key indicators such as motivation, leadership, communication, organizational culture, and decision-making (Robbins, 2001). These indicators are critical in determining how effectively government institutions respond to economic disruptions and support MSME resilience.

Previous studies have examined the role of local governments in MSME development under crisis conditions. Nuraliah et al. (2022) found that local government agencies act as facilitators, regulators, and catalysts in MSME development, although implementation remains limited. Similarly, Suf (2022) emphasized the importance of training, marketing assistance, and infrastructure support in sustaining MSMEs during periods of economic disruption. However, most existing studies focus on pandemic-related crises or general MSME development and pay limited attention to traditional culinary MSMEs affected by toll road infrastructure from an organizational behavior perspective.

The purpose of this article is to analyze the role of the Office of Trade, Cooperatives, and MSMEs of Tebing Tinggi City in the development of lemang MSMEs affected by the Trans Sumatra Toll Road. The findings are expected to contribute to the literature on MSME development, public sector organizational behavior, and infrastructure impact mitigation, while providing policy-relevant insights for local governments facing similar challenges.

2. METHODS

This study employed a descriptive qualitative research design to analyze the role of the Office of Trade, Cooperatives, and MSMEs of Tebing Tinggi City in supporting the development of lemang Micro, Small, and Medium Enterprises (MSMEs) affected by the operation of the Trans Sumatra Toll Road. The research was conducted in Tebing Tinggi City, North Sumatra, Indonesia, using primary data collected through in-depth interviews with purposively selected informants, including government officials and lemang MSME owners, as well as secondary data obtained from official documents and MSME records. Data were

collected using semi-structured interview guidelines, observation, and documentation, and analyzed through an interactive qualitative analysis process involving data reduction, data display, and conclusion drawing. Government performance was examined using an organizational behavior framework consisting of motivation, leadership, communication, organizational culture, and decision-making (Robbins, 2001), while data credibility was ensured through source and method triangulation.

3. RESULTS AND DISCUSSION

3.1 The Impact of the Trans Sumatra Toll Road on Lemang MSMEs

The operation of the Trans Sumatra Toll Road has significantly affected the business performance of lemang Micro, Small, and Medium Enterprises (MSMEs) in Tebing Tinggi City. Prior to the construction of the toll road, lemang MSMEs benefited from high traffic flow through the city, as Tebing Tinggi served as a major transit point for travelers. This condition enabled lemang vendors to rely on spontaneous purchases by passing consumers, resulting in relatively stable daily income.

Following the operation of the toll road, traffic flow through traditional routes declined sharply, reducing customer visits to lemang MSME locations. Based on interview results, most lemang business owners reported a significant decrease in daily turnover after the toll road became operational. Many vendors experienced difficulties in maintaining production levels and business continuity due to declining income and rising operational costs. This situation indicates that traditional culinary MSMEs are particularly vulnerable to infrastructure-induced changes in transportation patterns. The impact of the toll road on lemang MSMEs is clearly reflected in the decline in daily turnover before and after the construction of the toll road. As presented in Table 2, the average daily turnover of lemang MSMEs decreased by up to 50 percent after the operation of the Trans Sumatra Toll Road.

Table 2. Decline in Daily Turnover of Lemang MSMEs in Tebing Tinggi City Before and After Toll Road Construction

Description	Before	After	Decline (%)
	Toll Road (IDR)	Toll Road (IDR)	
Average Daily Turnover of Lemang MSMEs	500,000	250,000	Up to 50%

Source: Interviews with Lemang MSME Owners, 2024.

Table 2 demonstrates a substantial reduction in the average daily turnover of lemang MSMEs following the toll road operation. The decrease in income has forced some business owners to reduce production volumes and operating hours, while others face the risk of business closure. These findings indicate that although toll road infrastructure aims to improve regional connectivity and economic efficiency, it may simultaneously generate adverse economic effects for local MSMEs that depend on conventional traffic routes.

The results of this study are consistent with previous findings by Manullang and Samosir (2019), who reported that toll road development negatively affected MSMEs located along traditional trading corridors due to changes in consumer mobility patterns. In the case of Tebing Tinggi City, the reliance of lemang MSMEs on passing travelers

made them particularly susceptible to reduced traffic flow, directly impacting their sales performance and business sustainability.

Overall, the findings confirm that the Trans Sumatra Toll Road has had a significant negative impact on the daily turnover of lemang MSMEs in Tebing Tinggi City. This condition underscores the importance of government intervention to mitigate the economic consequences of infrastructure development and to support the sustainability of traditional culinary MSMEs.

3.2 The Role of Local Government in Supporting Lemang MSMEs

Local government plays a crucial role in mitigating the negative impacts of infrastructure development on Micro, Small, and Medium Enterprises (MSMEs). In the context of Tebing Tinggi City, the Office of Trade, Cooperatives, and MSMEs is institutionally responsible for formulating policies, providing guidance, and facilitating the development of local MSMEs, including traditional lemang enterprises. The findings of this study indicate that the local government has implemented several support measures aimed at sustaining lemang MSMEs following the operation of the Trans Sumatra Toll Road.

Based on interview results, government support has primarily focused on administrative facilitation, business guidance, and limited promotional activities. Several lemang MSME owners acknowledged receiving assistance in the form of business registration, product labeling, and participation in local exhibitions. These initiatives reflect the government's efforts to maintain MSME continuity and enhance product visibility. However, most informants emphasized that such support has not been sufficient to compensate for the significant decline in daily turnover experienced after the toll road operation.

When analyzed using an organizational behavior perspective, government performance in supporting lemang MSMEs reveals several limitations. In terms of motivation, the government has provided encouragement and socialization programs, yet these efforts have not been consistently followed by concrete economic incentives. Leadership within the implementing agency has demonstrated commitment to MSME development, but coordination across relevant stakeholders remains limited. Effective communication between government institutions and MSME actors has also been constrained by the absence of regular and structured engagement mechanisms (Robbins, 2001).

Furthermore, organizational culture within the local government tends to emphasize routine administrative functions rather than adaptive and innovative responses to emerging economic challenges. Decision-making processes related to MSME support programs are often centralized and procedural, limiting flexibility in addressing the specific needs of lemang MSMEs affected by infrastructure-induced changes. These findings suggest that government interventions have not fully integrated organizational behavior principles necessary for effective policy implementation (Robbins, 2001).

These results are consistent with previous studies highlighting the challenges faced by local governments in MSME development. Nuraliah et al. (2022) found that local government agencies often function as facilitators and regulators but encounter constraints in implementation

capacity and program sustainability. Similarly, Suf (2022) emphasized that MSME support programs require integrated training, marketing assistance, and institutional commitment to effectively respond to structural economic disruptions. In the case of Tebing Tinggi City, the limited effectiveness of government support reflects similar implementation gaps.

Overall, the findings indicate that while the local government of Tebing Tinggi City has demonstrated a formal commitment to supporting lemang MSMEs, its role has not been optimally implemented in practice. The lack of adaptive policies, limited coordination, and weak integration of organizational behavior principles have reduced the effectiveness of government interventions. This condition underscores the need for more responsive, inclusive, and innovation-oriented government strategies to ensure the sustainability of traditional lemang MSMEs amid infrastructure development.

3.3 Government Performance and MSME Sustainability

Government performance plays a decisive role in determining the sustainability of Micro, Small, and Medium Enterprises (MSMEs), particularly those affected by structural economic changes such as infrastructure development. In the case of lemang MSMEs in Tebing Tinggi City, the findings of this study indicate that government performance has not yet been able to effectively ensure business sustainability following the operation of the Trans Sumatra Toll Road. Although several support programs have been implemented, their impact on improving business resilience and income stability remains limited.

From an organizational behavior perspective, the sustainability of lemang MSMEs is closely related to how effectively government institutions apply key behavioral dimensions in policy implementation. Motivation provided to MSME actors has largely been normative and symbolic, lacking tangible economic reinforcement. Leadership within the responsible agency shows commitment to MSME development, yet this commitment has not been translated into innovative and adaptive strategies that address infrastructure-induced market shifts. In addition, communication between the government and lemang MSME actors remains irregular, reducing opportunities for feedback and collaborative problem-solving (Robbins, 2001).

Organizational culture and decision-making processes further influence government performance in supporting MSME sustainability. The prevailing bureaucratic culture tends to prioritize administrative compliance over responsive and market-oriented interventions. Decision-making related to MSME development programs is often centralized and procedural, limiting flexibility in tailoring policies to the specific conditions faced by lemang MSMEs. As a result, existing programs are insufficient to offset declining sales and reduced customer access caused by the toll road operation.

These findings align with previous studies emphasizing the importance of adaptive government performance in sustaining MSMEs. Nuraliah et al. (2022) argue that MSME sustainability depends on the government's ability to function not only as a regulator but also as an active facilitator and catalyst. Similarly, Suf (2022) highlights that sustainable MSME development requires integrated support systems encompassing training, market access, and institutional responsiveness. The limited sustainability of

lemang MSMEs in Tebing Tinggi City reflects the absence of such integrated and adaptive approaches.

Overall, this study demonstrates that government performance significantly influences the sustainability of lemang MSMEs amid infrastructure development. Without adaptive leadership, effective communication, flexible decision-making, and an innovation-oriented organizational culture, government interventions are unlikely to produce sustainable outcomes. Therefore, strengthening organizational behavior dimensions within local government institutions is essential to enhance MSME sustainability and to mitigate the adverse effects of large-scale infrastructure projects.

4. CONCLUSION

This study concludes that the operation of the Trans Sumatra Toll Road has had a significant negative impact on the sustainability of lemang Micro, Small, and Medium Enterprises (MSMEs) in Tebing Tinggi City, particularly through declining customer access and reduced daily turnover. Although the local government, through the Office of Trade, Cooperatives, and MSMEs, has implemented several support initiatives, these efforts have not been sufficient to offset the structural economic changes caused by infrastructure development. From an organizational behavior perspective, government performance has not been optimally implemented across key dimensions, including motivation, leadership, communication, organizational culture, and decision-making. The findings indicate that limited adaptability, procedural decision-making, and weak coordination have reduced the effectiveness of government interventions, resulting in fragile MSME sustainability. Therefore, this study emphasizes the need for more adaptive, integrated, and innovation-oriented government strategies to strengthen traditional MSMEs and mitigate the unintended consequences of large-scale infrastructure projects.

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