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Incubation and Innovation Design as A Potential Development Effort for Palembang City

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Abstract: This research is about the Innovation Incubation of Palembang City. Where, decentralization or regional autonomy has provided opportunities for local governments with their authority to try to strengthen public services in favor of the public interest. This research is considered important because incubation is a very important issue in determining the success of an area. The population in this study are areas that carry out incubation and innovation by utilizing their potential. While the subject in this study is the city of Palembang. The results of this study indicate that the activity of preparing the incubation and innovation plan for the City of Palembang is carried out through a series of activities, namely, the preparation of identification of regional potentials, the preparation of the incubation program, the preparation of the social and digital innovation program and the formulation of activities and action plans. The Government of Palembang City received two awards from the Ministry of Home Affairs as a Very Innovative City at the Innovative Government Award and the Ministry of Administrative Reform and Bureaucratic Reform of the Republic of Indonesia (Kemen PANRB RI). Namely the award for Top 45 Public Service Innovations 2020. In addition, with the emergence of an integrated innovation ecosystem, regions can make facilities to improve community welfare through public service facilities, empowerment and community participation, and increasing regional competitiveness.

Keywords: Incubation and Innovation, Government, Public Service, Community, Regional Potential

1. Introduction

Indonesia began to reform its government since the enactment of Law no. 23 of 2014 concerning Regional Government (PEMDA). The law provides the basic framework for the central government to regulate LGs in Indonesia. With this regulation, the organizational arrangement of various elements related to local government as a manifestation of regional autonomy becomes something that cannot be avoided to change the old, centralized paradigm to a more decentralized direction.

Moreover, since the issuance of Government Regulation No. 18 of 2016 concerning Regional Apparatus Organizations, regional organizations have been directed towards rightsizing institutional structures. In this regulation, efforts to simplify government bureaucracy are directed at developing a more proportional, flat organization, short hierarchy, and decentralized authority. So that the main objective of the arrangement is to empower local governments to be able to carry out their main tasks and functions economically, effectively, efficiently, and accountably.

In line with the above objectives, this research is about the Palembang City Innovation Incubation. Where, decentralization or regional autonomy has provided opportunities for local governments with their authority to try to strengthen public services in favor of the public interest. With regional autonomy, the implementation of general government and development tasks can run more quickly and with quality. The success of the implementation of regional autonomy is highly dependent on the financial capacity of the region, its human resources, and the ability of the region to develop the existing potential. Therefore, regions with all existing capabilities, try their best to strengthen regional competitiveness.

In this regard, the regional government is trying to put forth its innovative program in exploring creative ideas from several sectors. One of the local government's efforts to increase its innovation potential is to incubate innovation. From the various uses of these terms, it can be concluded that incubation is the time/period required to carry out certain observations or actions and interventions, until a change occurs from the initial conditions to new conditions. The question is, why incubation is important to do.

Innovation is an absorption language from English, namely innovation, this term then refers to something new. The definition of innovation is very broad, especially by business sector organizations. Some definitions of innovation that are often used include those proposed by (Rogers, 1995) that innovation is an idea or idea, practice, or object that is perceived as something new, either by individuals or certain organizational groups that adopt these new things. According to (Okpara, 2007), innovation is the implementation of creative inspiration. Meanwhile, Ackoff stated that innovation is the antithesis of machine-like behavior (Ackoff, 1981).

As an introduction, the first incubator, a private profit center, was established in 1959 in Batavia, New York (Brown et al., 2000). The concept of the incubator spread internationally thereafter. One of the first incubators in Europe was established at Cambridge Science Park and Sophia Antipolis in France in the late 1960s (Storey & Tether, 1998). There are a number of factors that can determine the success of an incubator, namely human resources who are experts in entrepreneurship, links with financial and capital institutions, forms of financial assistance, community support, business networks, entrepreneurship education, determination of success, selection process

for prospective entrepreneurs/ tenants, networks with related institutions, and the existence of clear policies and procedures (Permatasari et al., 2015). Studies (Pratt, 2008) show that innovation is not a linear practice, not a series of stages of R&D activities, patents, to commercialization. However, referring to the Schumpeterian theory, innovation is the result of "creative destruction", where innovation involves many actors and certain parts of the work that occur not in a closed space, meaning that it takes a lot of cross-sectoral interaction to produce an innovation. Therefore, innovation can occur in various units and any form of organization (Asmara & Rahayu, 2019). Gradually, the incubation industry developed in the size and sophistication of the business represented among client companies (Darmawan, D., 2019). The introduction of new technologies, new applications in service products, the development of new markets, to the introduction of new forms of organization, are processes in innovating (Darmawan, D., 2019).

On a more macro scale, the incubation program will also provide opportunities in the form of opening up new job opportunities, creating a more intense link between industry and universities or research institutions, and cultivating the spirit of innovation in society (Utomo, 2014). Incubation is a time where little by little we are freed from the routine of thinking, working habits, the usual way of using methods (Widjaja & Winarso, 2019). However, the practice of public sector innovation is unique from the private sector, namely the existence of political agreements that allow these innovations to occur (Windrum, 2008; Lynn, 2013).

A country or a region (district/province) is said to be competitive if it develops operating companies to compete successfully in the global economy and on the other hand supports an increase in wages and the standard of living of the population in general. the ability (regions) to create relatively high income and employment opportunities while being exposed to external competitiveness (Ristek-BRIN, 2020).

After we understand the concept of innovation, then we will elaborate on the concept of Public Sector Innovation. Quite a number of experts have written about the basic concepts of public sector innovation. One of them is Lynn who explains that innovation (in government organizations) is a transformation of the main function of the organization and a permanent and fundamental change in the organizational structure (Lynn, L., 1997; Wicaksono, 2019).

The focus of this research is on the incubation of innovations carried out by the city of Palembang. Given the many benefits of this incubation program, it is considered important by the Palembang City Government to accelerate innovation-based economic growth, namely the intensification of business incubation programs, as well as the establishment of science and technology parks. Through business incubation activities, new entrepreneurs in the technology sector are created from the science and technology park. This is a means of technology transfer and the process of commercializing the research results of academics: from just a research report or product prototype, shifting to a start-up company, to becoming a well-established company producing commercial products (KIN, Prospect Innovation Indonesia, 2012). In addition, in the future perspective, the number of incubation and innovation centers will be built and increased as an effort to create the ability to innovate from all business actors and public institutions in general.

Based on the explanation above, the preparation of incubation and innovation planning activities will be carried out through a series of activities, namely, among others, preparation of identification of regional potentials, preparation of incubation programs, preparation of social and digital innovation programs and formulation of activities and action plans. Some important innovation considerations in this area are, Palembang City is one of the areas that has a lot of innovation. The Government of Palembang City received two awards from the Ministry of Home Affairs as a Very Innovative City at the Innovative Government Award and the Ministry of Administrative Reform and Bureaucratic Reform of the Republic of Indonesia (Kemen PANRB RI). Namely the award for the Top 45 Public Service Innovations 2020.

The European Commission provides an assessment of regional competitiveness which is summarized in the Regional Competitiveness Index (RCI) based on 11 pillars, namely Institutions, Macroeconomic stability, Infrastructure, Health, Basic education, Higher education and lifelong education, Labor market efficiency, Market size, Availability technology, Ease of doing business, and Innovation (Ristek-BRIN, 2020).

Regional Innovation as referred to in Law Number 23 Year 2014 concerning Regional Government is defined as all forms of reform in the administration of Regional Government. Regional innovations can be realized in various forms, namely innovations in

regional governance, public service innovations, and/or other regional innovations in accordance with government affairs that are under the authority of the regions. An idea or idea to become a Regional Innovation must go through the stages which are detailed in this Government Regulation. Regulations regarding the implementation of Regional Innovations in Law Number 23 Year 2014 concerning Regional Government are still general in nature and require more detailed regulations to be implemented. For this reason, this Government Regulation describes in more detail the implementation of Regional Innovations in several stages starting from proposals, determinations, trials, to the implementation of related Regional Innovations.

In addition, with the emergence of an integrated Eco-Incubation Innovation, regions can make facilities to improve community welfare through public service facilities, empowerment and community participation, and increasing regional competitiveness. Regional innovation policies have also been regulated in Government Regulation of the Republic of Indonesia Number 38 of 2017 concerning Regional Innovation. Where, Regional Innovation is all forms of renewal in the administration of Regional Government. considered relevant because Regional Innovation is essentially aimed at supporting the improvement of the performance of the Regional Government and Public Services, optimally in the context of realizing the welfare of the community.

In general, a new venture or new initiative requires some kind of trial, market testing, or piloting before it is fully implemented. In the early stages, it is usually found that there is limited experience, minimal managerial skills, few business networks, or very limited public support and trust. With these limitations, the chances of success of a business/initiative are small. For that, something that is still raw can become ripe after going through the incubation period. Something that is still in the form of a concept/idea can become an applicable program by undergoing an incubation period. The limitations of skills and methodological aspects will be minimized with this incubation program. Without incubation, it may be that an initiative or start-up will never develop further. This is also the case in the US, where 66% of startup businesses are still in the same condition after 2 years, and 44% are still the same and not growing after 4 years (Amy E. Knaup, Survival and Longevity in the Business Employment Dynamics Database, in Jamil

Alkhatib, *Innovation Incubators*, Jordan: German Jordanian University).

Research related to the incubation of innovation has been carried out by several previous researchers. Research related to the incubation of innovation has also been carried out by previous researchers, such as research conducted by Muchlis (2021). Where, in his research it is explained that the State Apparatus and Bureaucratic Reform through Regulation Number 30 of 2014 concerning Guidelines for Public Service Innovation and Regulation Number 15 of 2016 concerning Public Service Innovation Competitions within Ministries, Institutions and Government Agencies have encouraged Government Agencies as public service providers to carry out innovation that is oriented to the convenience and satisfaction of the community, providing access to services and information needed by the community as a manifestation of good governance.

Imron (2020) also conducts research related to innovation incubation. In his research, it is explained that creating the concept of a tourist village is not an easy matter because it requires the cooperation of many parties. Collaboration between sectors (government, academia, business, society) is the key in driving creativity and innovation so that the products produced are superior and competitive in the increasingly diverse tourism industry. The ideal collaboration results in equal interaction and knowledge sharing. Through this model, in addition to creating innovative educational tourism concepts, it is also hoped that it can maximize village potential which has an impact on village welfare and independence.

In addition, there is research conducted by (Rosyid, 2020). In his research, he focuses more on the incubation of innovation to foster SMEs. The issues raised are the product produced, the target market, turnover, labor, market opportunities, the types of assistance and guidance that have been obtained, the uncoordinated role of "intermediation" in an integrated manner between institutions/agencies that develop and foster SMEs. The concept of Community Service with a Business Incubation Pattern, so that it will result in a Symbiotic Mutualism Integration of these two different Business Groups, so as to produce Product Innovations from the people-based Creative Economy Development program.

That is why this research is considered important because incubation is a very important issue in determining the success of an area. The importance of this incubation becomes more evident with the

depiction of incubation as a valley of death bridge that connects two steep rock hills. The first hill is an imagery to explain new ideas, study/research findings, and business development plans. While the second hill is a parable of a business that has been running normally and making a profit. The assumption is that these ideas, research results, and business plans are not automatically able to produce large outputs or profits for the business actors concerned, so an intermediate program called incubation is needed. So great is the meaning of incubation for the world of business and innovation, even Jiang Zemin, President of China from 1993 to 2003, even stated that "Incubation is one of the single most important global innovations of the 21st century".

2. Research Methods

The research method used is a literature study. Research with literature study is a research that has the same preparation as other research, but the sources and methods of data collection are by taking data in the library, reading, taking notes, and processing research materials. (Melfianora, 2019).

In this study, data collection was also carried out through searching various sources which were then processed and described in narrative form according to data needs. The data used come from reports, journals, scientific articles, literature reviews containing the concepts studied. Starting with research material that is sequentially considered from the most relevant, relevant, and quite relevant. The population in this study are areas that carry out incubation and innovation by utilizing their potential. While the subject in this study is the city of Palembang.

3. Results and Discussion

Palembang City is one of the metropolitan cities in Indonesia and geographically is located between 20 52' to 30 5' South Latitude and 1040 37' to 1040 52' East Longitude with an average height of 8 meters above sea level. The administrative boundaries of the city of Palembang are as follows, to the north it is bordered by Banyuasin Regency, to the east by Banyuasin Regency, to the south by Ogan Ilir Regency and Muara Enim Regency, and to the west by Banyuasin Regency. The area of Palembang City is 369.22 km² (according to the Regulation of the Minister of Home Affairs Number 72 of 2019 concerning Amendments to Permendagri Number 137 of 2017 concerning Codes and Data for Government Administration Areas per Province, Regency/City and Subdistrict throughout

Indonesia) and administratively divided above, 18 sub-districts and 107 sub-districts.

The city of Palembang is mostly a swamp area consisting of reclamation swamps and protection swamps. The swamp structure in Palembang City is influenced by the ebb and flow of the Musi River and other rivers that empties into the Musi River. Swamp areas are generally in the form of broad basins with relatively shallow depths, relatively permanent pools of stagnant water that do not flow all the time, and swamp areas that have dry or no water except in the rainy season. Most of the swamp areas are in the western, eastern, Seberang Ulu Satu and Seberang Ulu Dua areas, Palembang City. This unit is found by several basins that are relatively deeper than some of the surrounding areas, and the shape of this landscape is waters overgrown with weeds. This area is known as a water catchment area (retention pond) which is widely used to reduce and cope with floods and overflows.

3.1. Strategy and Policy Direction for Strengthening Innovation Incubation

To achieve the vision, mission, goals, and development targets through strengthening the Palembang City Innovation Incubation, it is necessary to have the right strategy and policy direction. The strategy used to strengthen Innovation Incubation was developed from the strategic pillars of strengthening Innovation Incubation in accordance with the target context. Meanwhile, the policy direction that aims to rationalize the choice of strategy so that it has a focus and is in accordance with the implementation arrangements, uses the six elements of the Innovation Policy Framework in accordance with the context of the goals to be achieved. In general, the strategy and policy directions for strengthening the Palembang City Innovation Incubation can be conveyed as follows:

3.1.1. Strategy for Strengthening Innovation Incubation in Palembang City

The Innovation Incubation Strengthening Strategy in question is a strategic initiative that needs to be carried out in the context of strengthening the innovation system in the city of Palembang. This strategy is pursued through the Palembang City Innovation Incubation Development Priority:

Development Priorities 1. Development of integrated and equitable urban infrastructure and environmentally sound

Strategi ini bertujuan sebagai Provision of supporting infrastructure for regional development

with the aim of equitably developing infrastructure needs as a support for regional development. The second objective is the management of environmentally sound development with the aim of implementing sustainable and sustainable urban environmental management. This is done through a strategy or approach, first, developing the development of integrated intermodal and intermodal transportation facilities and infrastructure for mass transportation based on technology and information. Second, developing an integrated network of roads and bridges that support the mobility of goods and services by increasing capacity and improving roads and bridges. Third, develop facilities and infrastructure for disaster management based on Technology and Information. Fourth, the arrangement of all pedestrians. Fifth, the development of new areas and the development of public spaces and green open spaces in every sub-district and village that are environmentally sound and sustainable. Sixth, preservation of belida fish and snakehead fish. Seventh, maintaining agricultural land in the city of Palembang. Eighth, developing systems and management of waste management, urban and regional sanitation and long-term waste management is also carried out through high-tech waste management and supporting regional landfills that can accommodate districts/cities. And ninth, developing improvement of drainage system and flood management by making more retention ponds and river normalization.

Development Priority 2. Equitable Education Quality

This strategy aims to improve the ability and performance of creativity, innovation, diffusion and learning in the regions systematically (systemically and systematically) in the context of Equitable Quality Education as an integral part of regional development. This is done through the approach of Developing the quality of education by building excellent schools in every sub-district and village and fulfilling the MSS in the Education Sector.

Development Priority 3. Improving Access and Health Services

This strategy aims to improve the ability and performance of creativity, innovation, diffusion and learning in the regions in a systematic (systemic and systematic) manner in the context of increasing access and health services as an integral part of regional development in the city of Palembang. This is done through an approach, firstly, developing the quality of

first-level and advanced-level health services for the community by building and making all inpatient health centers fully accredited and building supporting health centers in all sub-districts in Palembang City and fulfilling the MSS in the Health Sector. Second, regional development based on Child Friendly Cities, Elderly Friendly Cities, Healthy Cities, and Creative Cities.

Development Priority 4. Development of a culture of integrity in the community supported by a clean, authoritative and professional government

This strategy aims to improve the ability and performance of creativity, innovation, diffusion and learning in the regions in a systematic (systemic and systematic) manner in the context of developing a culture of integrity in the community within the framework of the Incubation of Regional Innovation as an integral part of regional development. This is done through approaches, firstly, realizing gender equality and free legal aid for the underprivileged. Second, a gender-responsive-based development approach. Third, develop the ethical values of the community and the apparatus in order to build work power that supports high work productivity in the context of providing public services to the community. Fourth, prepare an action plan for the development of civil society in Palembang through a strategic roadmap for the Fajr prayer movement in congregation and a roadmap for the strategy of the gotong royong movement. Fifth, develop systems and regulations for the development of a culture of integrity for the government and all levels of society. Sixth, developing systems and regulations for development based on a culture of integrity to the government and all levels of society. Seventh, developing the implementation of the principles of good governance through a system of rewards and punishments, a merit system (merit system) and increased performance accountability and financial accountability. Eighth, developing an increase in regional original income (PAD) through intensification, extensification and diversification efforts. Eighth, reforming collection management, using a credible and accountable information system, so that the availability of data on objects of tax and levy is integrated as a whole. Ninth, developing community and private involvement and empowerment in the implementation of development. Tenth, encouraging the active participation of all private business entities in the Palembang City CSR Forum through an incentive policy for business actors which was prepared through a grand design (Building Palembang EMAS DARUSSALAM with MITRA). Eleventh, web and mobile

based application development in e-Kelurahan (e-Kelurahan). Twelfth, developing an integrated ICT platform for public services (1 integrated ICT public services platform). Thirteenth, integrated administrative services in the kelurahan. Fourteenth, developing an integrated administrative service policy in the Kelurahan. And fifteenth, make a smart city plan starting from the kelurahan.

Development Priority 5. Increasing investment, developing people's economy and reducing poverty

This strategy aims to improve the implementation of technology for the public interest and improve elements of system strengthening in the form of increasing investment, economic development and poverty alleviation as an integral part of regional development. This is done through approaches, first, to ensure a conducive investment climate from the legal and security aspects, competitive and comparative superior investment as well as developing regional, national and international investment cooperation. Second, develop a regional promotion task force for investment and tourism. Third, increasing workers' access to productive resources through improving workers' skills by conducting training. Fourth, develop a workforce training policy. Fifth, develop and expand capital assistance to the community to develop a family business (home industry). Sixth, providing budget allocations to support assistance programs and business capital assistance for startup businesses and MSME actors. Seventh, developing micro, small and medium enterprises (MSMEs) and cooperatives through financial institutions at the kelurahan level, neighborhood associations (RW) and neighborhood units (RT) by providing loan facilities without collateral and without interest. Eighth, developing the quality and quantity of training and assistance for the development of people's economic enterprises. Ninth, launching training and mentoring programs for people's economic enterprises. Tenth, developing downstream that supports the potential of the leading sectors of the City of Palembang and South Sumatra. Development of SME centers. Eleventh, development of MSME and Cooperative centers. Twelfth, developing the empowerment of traditional market management and arrangement into a modern traditional market. Thirteenth, compiling a traditional market arrangement system into a modern traditional market. Fourteenth, encouraging 4000 MSMEs with unsecured loans of 3 million rupiah per SME. Fifteenth, launching the Palembang 4000 MSME program with unsecured loans

of 3 million rupiah per SME, and sixteenth developing a digital startup ecosystem.

Development Priority 6. Development of Harmonious Tourism, Culture and Sports City

This strategy aims to improve the implementation of technology for the public interest and improve elements of strengthening in the fields of tourism, culture and sports as the regional development of Palembang City. This is done through approaches, first, to develop public awareness in the gotong royong movement and the morning prayer in congregation by empowering religious leaders and local community leaders. Second, developing the quality and quantity of worship, religious education, cultural facilities and infrastructure and anticipating the dangers of drug abuse. Third, make mosques, surau and places of worship as alternative centers for community activities by providing support for social facilities and infrastructure. Fourth, developing the Musi Riverside Tourism Development area as a strategic area for national tourism based on Technology and Information. Fifth, run an integrated joint program to develop the Musi Riverside Tourism Development (Musi Riverside Tourism Development). Sixth, requires each local government agency to have 1 development program in the Musi River area (Musi 101+ / Musi 1 OPD 1 Program). Seventh, developing tourism human resources who are professional, friendly and able to speak foreign languages. Eighth, education and training of tourism human resources. Ninth, developing a modern and integrated river transportation system for the Riverside City Area and the Development of Palembang City River Transportation. Tenth, developing quality river and sports facilities and infrastructure. Eleventh, running a cross-sectoral cooperation program in the development of river and sports facilities and infrastructure. Twelfth, developing the implementation of international events related to rivers and sports. Thirteenth, cooperate with the provincial and central governments for international events related to rivers and sports. Fourteenth, build and develop an international standard river and sports training center. Fifteenth, special preparation of river training centers and international sports. Sixteenth, promoting the typical culinary of Palembang as a world-class culinary. Seventeenth, developing IT-based publication facilities to promote Palembang's culinary specialties. And eighteenth, preservation of cultural heritage and Heritage City.

3.1.2. Policy Directions for Strengthening Innovation Incubation in Palembang City

In an effort to Strengthen Innovation Incubation in Palembang City, the policy direction as a collaborative framework which is the common foothold of the parties in the development of policy synergy and coherence and operational implementation actions is formulated in the Innovation Policy Framework (KKI).

The first is to develop a general framework that is conducive to innovation and business. The main objective of this policy is to develop a general framework that is conducive to the development of innovation. The scope of the general framework that is conducive to innovation and business includes regional planning documents containing Innovation Incubation, Innovation and Business Database (covering all data to increase innovation and business capacity), Regulations that support innovation and business (covering all regulations to support innovation and business), innovation and business in a sustainable manner), Basic Infrastructure for Innovation and Business (covering all infrastructure that supports innovation and business), and Business and Innovation Incentives (coverage of providing incentives for innovation and business can refer to the Minister of Home Affairs Regulation Number 64 of 2012 concerning Guidelines for the Implementation of Giving Incentives and Provision of Ease of Investment in the Regions).

Second, strengthening the institutions and supporting capacity of science and technology/R&D and developing the absorption capacity of industry, especially MSMEs. The main objective of this policy is to develop or strengthen the elements of institutions/organizations that are important to function properly for the promotion of Innovation Incubation in the City of Palembang, to increase the leverage of the role of science and technology/R&D that are appropriate and specific for the City of Palembang, and to increase the capacity of industry, especially MSMEs, in accessing and utilizing knowledge and R&D/innovation results and developing them.

Institutional coverage and carrying capacity of science and technology/R&D as well as industrial absorption capabilities, particularly MSMEs include the Regional Innovation Incubation Institution (covering the coordination team, DRD, Balitbangda and all research, development and engineering (R&D) institutions in Palembang City), Science and Technology Supporting Capacity (covering all science and technology resources), and Industrial Absorption

Power, especially MSMEs (covering all industrial absorption capacity capacities, especially MSMEs).

Third, fostering collaboration for innovation and increasing the diffusion of innovation, good/best practices and/or R&D results as well as improving technology-based services. The main objective of this policy is to encourage multi-stakeholder productive interactions that are mutually beneficial for the development of innovation and its diffusion, dissemination of good practices and R&D results in accordance with the best potential of the City of Palembang. This includes among others Strategic and collaborative partnerships for innovation (Regional Innovation Incubation Network) (growing strategic and innovative institutions and programs), Increasing the diffusion of innovations (increasing the diffusion of innovation results (good practices, knowledge, expertise) and innovation transfer, and Technology-based services (providing technology services to increase adopter capacity).

Fourth, encourage a culture of innovation. The main objectives of this policy are to build a foundation for a creative, innovative and entrepreneurial culture, to develop innovative new companies (start-ups), and to strengthen social cohesion in the city of Palembang. This is related to, among other things, Strengthening Innovation Culture through Education and Innovation Training Paths (to what extent is the condition of innovation culture achieved through education and training (entrepreneurship, innovation, capacity building of personnel resources)), Strengthening Social Cohesion (to what extent is inventory, documentation and socialization) community innovation technology (local wisdom) as well as other components of social capital owned by the City of Palembang as a source of innovation and reverse brain drain programs), Appreciation and Innovation Campaigns (to what extent Palembang City has given appreciation for innovative works and continues to campaign for a culture of innovation in its area, and the Growth of Innovative New Businesses (the extent to which the City of Palembang has encouraged the growth of new innovative businesses through the provision of incentives).

Fifth, develop and strengthen the integration of the promotion of Innovation Incubation and national and regional industrial clusters. The main objective of this policy is to encourage investment and activities in Innovation Incubation in line, complement each other and strengthen by strengthening value chains in industrial networks or clusters in the regions. The

scope of the promotion of Innovation Incubation and regional and national industrial clusters includes Regional Specific Industrial Cluster Initiatives and/or Innovation Incubation Initiatives (showing the development of business and non-business actors in a network or industrial cluster), Regional and Regional-National Policy Coordination (indicating the presence or whether or not the coordination mechanism is more open and can spur Innovation Incubation and industrial clusters), and Special Institutional Development/Strengthening (illustrating the extent to which special institutions have been established to accelerate the process of innovative collaboration).

Sixth, alignment with global developments. The main objective of this policy is to increase the knowledge, skills and readiness of policy makers and stakeholders in the city of Palembang so that they can better understand and master global developments to be utilized for the interests and progress of the city of Palembang. This includes, among others, the Environment (the extent to which Initiatives and responses to environmental issues have been programmed, Standardization (this mainly concerns whether or not the implementation of the Measurement Standard Test Quality (MSTQ)), Intellectual Property Rights (IPR) (the extent to which the Palembang City program has been implemented) in increasing the community's capacity regarding IPR, Human Rights (the extent to which the City of Palembang pays attention to human rights issues), and Labor (the extent to which the City of Palembang pays attention to the labor aspect).

3.2. Innovation Incubation Goals and Programs

The action plan (action plan) for innovation incubation of Palembang City for 2021-2026 is a set of more detailed activity plans to translate the targets, strategies and policy directions for strengthening the regional innovation system of Palembang City in 2017-2021 which have been indicated in the focus and priority programs for strengthening the innovation system. Palembang City area in 2017-2021. The targets, strategies and policy directions for strengthening the regional innovation system of Palembang City in 2021-2026 are formulated based on the current condition of strengthening the regional innovation system, which is accompanied by challenges and opportunities for strengthening the regional innovation system and then proceeding with the preparation of the desired conditions for

strengthening the regional innovation system until 2015. 2021.

In this, the action plan for strengthening the regional innovation system of Palembang City for 2016-2021 is presented in tabulated form consisting of the following components, namely targets, policy directions, performance indicators (outputs), performance achievements, programs and activities, targets and implementation time, and Responsible Institutions.

3.3. Desain Rencana Inkubasi Inovasi

Mastery and application of science and technology (science and technology), in this case the creation of innovative products, is an inseparable part of national development. The experience of several developed countries shows that economic growth and progress is rooted in the capabilities and perspectives of a nation's technological innovations. Even though they have inadequate natural resources, if these countries are able to optimize existing technological innovations, then the country will succeed in prospering its people. With the ability to innovate technology, a nation can optimize the utilization of its resources effectively and efficiently, and ultimately make a very significant contribution to the economy. In addition, mastery of science and technology and innovation provides opportunities and strengths to compete in a competitive trade arena. This is in line with the new paradigm in the era of globalization, namely innovation and technology-based economy, technological innovation is an important contributing factor in improving the quality of life of a nation.

In the future era of trade and economic development, it is no longer possible for Indonesia to rely solely on conventional industries. This has begun to be felt and it is proven that several countries have also placed technology-based companies as one of the main drivers of development. In 2017, Indonesia became a reference for the growth of startup companies, especially digital startups, because the growth rate of digital startups in Indonesia in 2016 was the highest in the Southeast Asia region. The growth and development of innovative industries or technology-based startups in Indonesia will provide benefits for creating jobs, increasing the local economy, increasing tax revenues, generating foreign exchange from exports and using local products. This program is a policy instrument in the form of an incubation funding scheme for startup companies that is provided through the Innovation Incubator

institution for technology-based tenant companies to increase the competitiveness of these startup companies, so that they are able to survive and thrive in competitive domestic and global markets.

Government support through this funding program is carried out with the aim of increasing the commercialization of innovation products that have a mature level of technological readiness. Funded innovation products are focused on products that are already at the technological readiness level (TKT) 8. This incubation funding program for startup companies is expected to be able to bridge startup companies to be able to enter the market optimally.

In its series of efforts to support various industries, IKB does not limit its assistance to product startups but also technology-based ones. This is in line with the role of the Innovation Incubator in higher education which is generally shown in Figure 1.

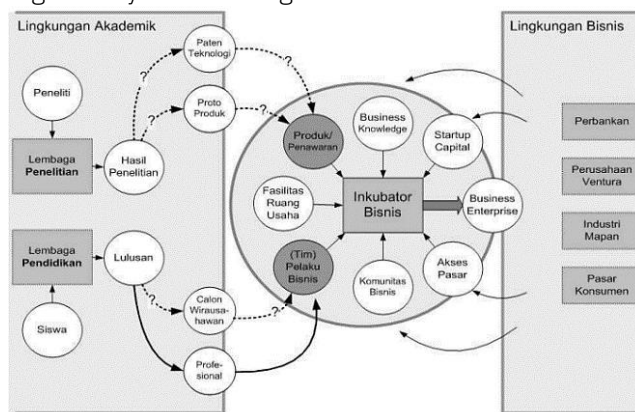


Figure 1. Role of Incubators

The Innovation Incubator Institution plays a very important role because in general, startup companies are very vulnerable to failure or bankruptcy, especially in the initial phase of establishment. The failure was caused, among others, due to lack of capital, difficulties in implementing technology, poor business management, and lack of experience in the business world. Palembang City Bappeda can play a role in bridging ideas from innovators. Therefore, through the incubation process provided by the incubator such as mentoring, guidance, training, product development facilitation and access to financial and marketing institutions provided to technology-based startups, they are able to improve their business and ultimately increase the competitiveness of their products and services. their efforts.

The Innovation Incubator is an institution that carries out the process of coaching, service, mentoring, mentoring, and development activities in an effort to

help the growth of profitable and sustainable technology-based startup companies. Tenant is a person or group of people who build a start-up that is just growing and based on technology that undergoes an incubation process.

Tenants who are prioritized to get funding are tenants who run technology-based startups engaged in 8 (eight) focus areas, namely: food, health and medicine, energy, transportation, information and communication technology, defense and security, raw materials, and advanced materials.

4. Conclusion

Based on the explanation above, the activity of preparing the incubation and innovation plan is carried out through a series of activities, namely, among others, the preparation of identification of regional potentials, the preparation of the incubation program, the preparation of social and digital innovation programs and the formulation of activities and action plans. Some important innovation considerations in this area are, Palembang City is one of the areas that has a lot of innovation. The Government of Palembang City received two awards from the Ministry of Home Affairs as a Very Innovative City at the Innovative Government Award and the Ministry of Administrative Reform and Bureaucratic Reform of the Republic of Indonesia (Kemen PANRB RI). Namely the award for the Top 45 Public Service Innovations 2020.

In addition, with the emergence of an integrated innovation ecosystem, regions can make facilities to improve community welfare through public service facilities, empowerment and community participation, and increasing regional competitiveness. Regional innovation policies have also been regulated in Government Regulation of the Republic of Indonesia Number 38 of 2017 concerning Regional Innovation. Where, Regional Innovation is all forms of renewal in the administration of Regional Government. considered relevant because Regional Innovation is essentially aimed at supporting the improvement of the performance of the Regional Government and Public Services, optimally in the context of realizing the welfare of the community.

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