

THE ROLE OF THE COOPERATIVES, SMALL AND MEDIUM ENTERPRISES OFFICE IN EMPOWERING MSMEs IN SUKABUMI REGENCY

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ABSTRACT

Micro, Small, and Medium Enterprises (MSMEs) are a very important sector and make a great contribution to realizing regional economic development. MSMEs are small business initiatives established by the community. MSMEs help economic growth, increase job opportunities, reduce unemployment, create new jobs, increase the country's foreign exchange, and support regional development. This study aims to discover the Role of the Cooperatives, Small and Medium Enterprises Office in empowering MSMEs in Sukabumi Regency. The method used in this study uses a descriptive qualitative research method. The researcher used the Gede Diva Theory, 2009, to examine the role of the government as a facilitator, regulator, and catalyst. The study results show that the Cooperatives, Small and Medium Enterprises Office has carried out its role to the maximum as a facilitator, regulator, and catalyst.

Keywords: *Government Role, Empowerment, MSMEs*

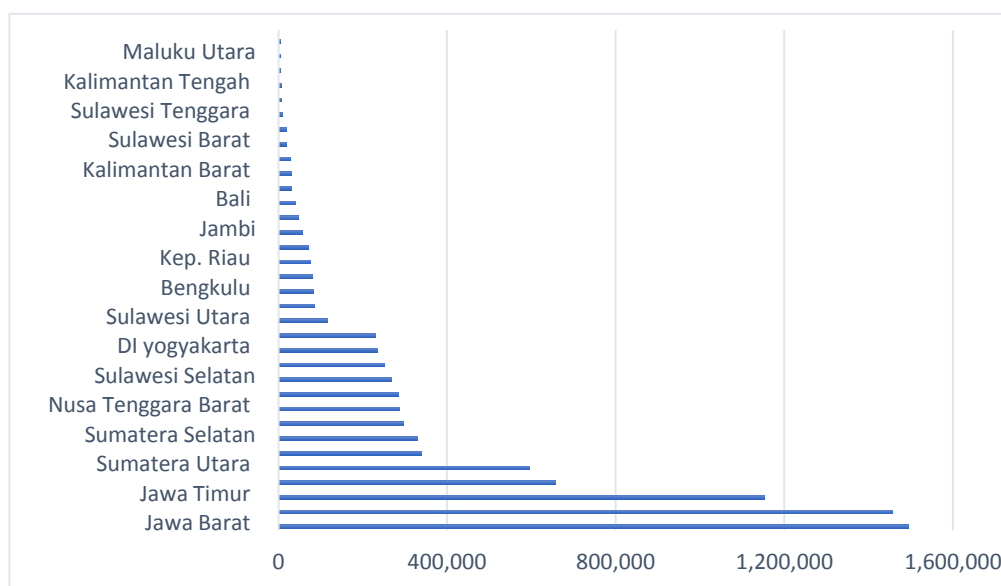
A. INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) are businesses that substantially use local resources. The optimization of local resources does not only depend on MSME actors but requires collaboration from other parties, such as government community organizations, to advance existing MSMEs. Reducing the unemployment rate and absorbing labour is the goal of utilizing Micro, Small and Medium Enterprises (MSMEs). To support national economic growth. As stipulated in the *Undang-undang Republik Indonesia Nomor 20 Tahun 2008* concerning Micro, Small and Medium Enterprises emphasizes the importance of the role of small and medium industries.

One of the critical elements to achieving a country's goals is the government. In carrying out its functions, the government must run as it should. Rasyid (2000) stated that the government has three main tasks: service, empowerment and development. These three functions are interrelated with each other. In developing countries, the main priority is national development, as is our country, Indonesia. In Indonesia's national development, the economic sector is one of the things that needs to be considered. In today's national development, local governments, not only the central government, play an essential role in the economic field.

With the *Undang-Undang 32 tahun 2004* concerning local governments, which have great authority in increasing their regions' potential in improving local communities' welfare, it is necessary to make various efforts for local governments that are more creative and innovative. To empower micro, small, and medium enterprises (MSMEs), the Sukabumi Regency Cooperatives and SMEs Office conducts various efforts, including coaching. This coaching is carried out through entrepreneurial guidance through training for MSMEs. The training discussed procedures, brand rights, business legality, product design, entrepreneurship and management. Training is an essential organizational investment in human resources. Training involves all human resources acquiring knowledge and learning skills to immediately apply them in micro-business development.

Figure 1 Number of MSMEs throughout Indonesia Throughout 2022



Source: *UMKMINDONESIA.ID*

Based on data released by the Ministry of Cooperatives and Small and Medium Enterprises (*Kemenkop MSMEs*) throughout 2022, MSMEs in the country are recorded to grow so well that the figure has reached 8.71 million units. When viewed by province, West Java ranks first among the most MSMEs,

with a total of 1.49 million business units. Meanwhile, the most minor area is occupied by Papua, with a total of 3.9 thousand units.

Sukabumi is a district in West Java, Indonesia, with around 2 million people. The district has diverse economy has various sectors contributing to its growth. One of the most important sectors is micro, small and medium enterprises (MSMEs), an essential part of the district's economy.

Table 1.1 Number of MSMEs in Sukabumi Regency 2020-2022

YEAR	MSMEs
2020	25.931
2021	201.462
2022	6. 400

Source: *Sukabumi Regency Cooperatives, Small and Medium Enterprises Office*

In 2022, there was a decrease in the number of MSMEs caused by the rampant Covid-19. Therefore, many business actors suffered losses during the COVID-19 period, which resulted in a reduction of turnover and not a few ended up in a rut. According to data table 1, according to the Cooperatives and Small and Medium Enterprises Office, MSMEs in Sukabumi Regency are 233,793 businesses. The development of MSMEs cannot be separated from the role of the government, one of which is the Sukabumi Regency Cooperatives and Small and Medium Enterprises Office, which has a vital role.

MSMEs themselves are a type of business that absorbs quite a lot of local resources; however, to optimize local resources not only from MSME actors, there must be cooperation from other parties, such as the government, to develop existing MSMEs. So, the government, in this case, is fair in the progress of MSMEs in Sukabumi Regency.

Based on the results of initial observations conducted by researchers at the Cooperatives, Small and Medium Enterprises Office. There are several problems, such as limited knowledge of business actors in partnering and a lack of understanding of business actors regarding unique and attractive product packaging innovations. Conceptually, it is known that four elements that affect the success of a company in competition are a) product, b) price, c) place/location, and d) promotion.

In addition, the latest data recorded that many MSMEs in Sukabumi Regency still do not have partnerships, namely around 62 business units that have partnered out of 233,793. This shows that further efforts are still needed to facilitate cooperation between MSMEs and various parties, large companies, financial institutions, or other institutions.

Based on the description above. The researcher is interested in researching the Role of the Cooperatives, Small and Medium Enterprises Office in Empowering MSMEs in Sukabumi Regency.

B. LITERATURE REVIEW

Role

A role is a dynamic position in a person's hierarchy or status. He performs a role when a person exercises his rights and obligations according to his position. The difference between position and remorse is emphasized for scientific understanding. These two elements are interrelated and inseparable, as they are interdependent. There can be no role without a position or a position without a role.

In simple terms, roles can be described as activities carried out by a person based on his position in social structures and various groups of society. This implies that each individual meets their needs according to their social status.

Based on the definition above, researchers can interpret that the role is a person's position in a particular hierarchy or social status; when a person exercises his rights and obligations by his position, it means he is playing a role. The difference between positions and roles is emphasized for scientific understanding. The two are closely intertwined and cannot be separated because they depend on each other. There can be no role without a position or a position without a role. So, the role is closely related to a person's social position or status. The Rolee also determines the activity and fulfilment of a person's needs.

Soekanto (2002) states that the role, in general, is to determine the sustainability of a process. The role is the dynamism of static or the use of parties and obligations or what is called subjective. Role is defined as a task or assignment to a person or group. Furthermore, Soerjono Soekanto (2002:243) explained about the following types of roles:

- a. NormativeRolee is a role played by a person or institution based on a set of norms that apply in people's lives.
- b. An ideal role is a role performed by a person or institution based on ideal values, or that should be done according to his position in the system.
- c. FactualRolee is the role played by a person or institution based on concrete reality in the field of social life that occurs in real life.

From the description above, the researcher's interpretation refers to the concept of activities that individuals within the framework of society can carry out as an organization. In the context of the social structure of society, the role can also be interpreted as individual behaviour that has significant importance.

Diva, (2009) There are several dimensions of roles, namely:

1. The role of the government as a facilitator

As a facilitator, the government has a role in helping MSMEs achieve success in their business development. In the context of facilitation, the government provides something in the form of money, goods, or services.

2. The role of the government as a regulator

The government is a regulator and has the authority to design policies supporting the growth of MSME businesses. In implementing its regulatory function, the government divides the responsibility for policy-making into two levels, namely the central and local governments, each responsible for policy-making in its area. This aims to create an environment that supports the development of MSME businesses.

3. The role of the government as a catalyst

The government drives the growth and development of Indonesia's Micro, Small, and Medium Enterprises (MSMEs) sector. As a catalyst, the government is here to ignite and encourage the progress of MSMEs through various supports and policies that facilitate them. The main goal is to create a favourable ecosystem and business climate for the growth of micro, small, and medium entrepreneurs.

Some programs include providing ease of permits, increasing access to low-interest financing, developing supporting infrastructure, business management training, mentoring, and facilitating market access for MSME products. This is done so that the business sector can innovate and develop optimally. Thus, the contribution of MSMEs to the national economy is expected to be even more significant.

Empowerment

According to Giarci (2001), empowerment is viewed as a central focus on helping people of various ages to grow and develop through multiple facilitations. It supports them to decide, plan and take actions to manage and develop their physical environment and social welfare. Empowerment is an effort made by elements from outside the order to an order so that the order can develop independently. In other words, empowerment is an effort to improve the form of interconnectivity contained in an order and/or an attempt to enhance the elements or components of the order that are intended so that the order can develop independently. So empowerment is an effort aimed at an order that can achieve a condition that allows it to build itself (Wahjudin Sumpeno, 2011:19).

From the description above, according to experts, researchers can interpret that empowerment mainly focuses on helping people from various groups ages so that they can grow and develop. The purpose of empowerment is so that the community can decide, plan, and take action to manage and develop the physical environment and its welfare.

MSMEs

Micro, Small, and Medium Enterprises (MSMEs) are business activities that have the potential to increase the number of jobs and have a significant role in the process of improving people's income, stimulating economic growth, and maintaining national financial stability.

According to Ariani & Suresmiati (2013), through entrepreneurship, MSMEs play a vital role in reducing unemployment, providing jobs, reducing poverty levels, improving welfare and building the country's personality. Micro, small, and medium enterprises (MSMEs) have the potential to be large trading businesses in the community, which will make people more entrepreneurial, and the economy in a region will improve. Each area in Indonesia certainly has enough MSMEs to support regional economic growth. For this reason, skills training is needed for the community so that the management of small businesses can run better and advance amid existing technological developments. In addition, it is necessary to improve the quality of human resources so that they can utilise technology and that the implementation of MSMEs is no less competitive with large companies.

Based on the description above, researchers interpret that MSMEs (Micro, Small and Medium Enterprises) have considerable potential as business opportunities in the community. The more people who are entrepreneurs through MSMEs, the better the economy in a region will be. Every region in Indonesia certainly has many MSMEs that support regional economic growth. Therefore, skills training is needed for the community so that MSME management can run better and advance in line with technological developments. In addition, improving the quality of human resources is also needed to utilize technology properly so that MSMEs can still compete with large companies in their implementation.

C. METHOD

The research method in this study is descriptive qualitative research. The researcher uses qualitative research methods. According to Creswell, in his book *Research Design*,

"Qualitative research is methods of exploring and understanding meanings that – by a number of individuals or groups of people – are considered to be derived from social or humanitarian issues. This qualitative research process involves important efforts, such as asking questions and procedures, collecting specific data from participants, analyzing data inductively starting from specific themes to general themes and interpreting the meaning of the data. Anyone involved in qualitative research must apply an inductive research perspective, focus on individual meanings, and translate the complexity of a problem."

From the definition above, it is known that the qualitative research method is a research method used on a problem phenomenon to understand the meaning of social problems; in this research plan, the researcher will try to find and find out the meaning of social phenomena about the role of the Cooperatives, Small and Medium Enterprises Office in the Empowerment of MSMEs in Sukabumi Regency. Researchers will explore data and meaning by asking participants questions and analyzing them descriptively.

In determining the informant, the researcher uses a non-probability sampling technique. Non-probability sampling is a sampling technique that does not provide an opportunity/opportunity for every element or member of the population to be selected as a sample. The non-probability sampling technique chosen is purposive sampling. Sugiyono's (2019) Technique of Purposive Sampling is a sampling technique for data sources considering certain factors. This particular consideration, for example, the person who is deemed to know the most about what we expect, or maybe he is the ruler, will make it easier for the researcher to explore the social object/situation being studied. This researcher uses *purposive sampling* because the researcher feels that the sample taken knows the most about the problem to be researched by the researcher.

D. EXPLANATION

According to Gede Diva (2009:15-18), role is a dynamic aspect of a person's status or position. A person is said to carry out a role when he carries out the rights and obligations inherent to his status. The dimensions of the Cherokee, according to Gede Diva (2009:15-18), are as follows:

The Role of the Government as a Facilitator

The role of the government as a facilitator is to help MSMEs achieve their business development goals. In the context of facilitation, the government can assist money, goods, or subsidized services. In this study, the government provides training services for MSME actors and facilitates them to obtain legality or *Halal* labels to develop their businesses.

The Cooperatives, Small and Medium Enterprises Office in Sukabumi Regency always organizes training to empower and develop MSMEs. For example, training on packaging, marketing, and financing. This is because the obstacles that MSMEs often face are financing and marketing problems. For financing issues, the Agency collaborates with banks or SOEs as resource persons to provide training on how to access financing.

Based on researcher interviews. For capital assistance, the Regional Government does not provide it directly. The capital assistance came from the centre, such as during the COVID-19 pandemic, direct assistance from the Ministry of Cooperatives and SMEs in the form of money of IDR 2.4 million and IDR 1.2 million for MSMEs. In addition, the Agency facilitates marketing for MSME actors. The Agency invited the Yogya department store to bring them together with MSME actors who brought their products; then, the products were curated to assess their feasibility for marketing at department stores. The Agency also helps facilitate the legality of products because one of the requirements for products to enter convenience stores is that they must already have legality, such as *PIRT* (Household Industrial Products) numbers and *Halal* Labels.

For *PIRT* (Household Industrial Food) licensing, although the *PIRT* number can already be obtained through the OSS system, other stages, such as food safety socialization, must be followed. Unfortunately, MSMEs often do not take this stage. If MSMEs do not socialise in food safety within 3-6 months, the *PIRT* number will expire after six months. However, most MSMEs do not know this. After getting the *PIRT* number, they considered it finished and did not follow the next stage.

Therefore, the authorities never issue a *PIRT* number to avoid mistakes. *PIRT* numbers can be issued through OSS, but there must be control from (Food Safety Supervisory Agency) to ensure that MSMEs have completed all stages. If MSMEs do not meet the requirements, the *PIRT* number can be revoked. *PIRT* licensing also has other provisions, such as waste handling, that must be closed and not open. Then, there are also requirements related to the storage of goods.

The Role of the Government as a Regulator

The role of the government as a regulator is to have the authority to make policies that facilitate MSME actors in developing their businesses. In carrying out the regulatory function, the government divides the authority of policy-making

into two, namely, the authority of the central government and the authority of local governments, which each government carries out.

Based on the researcher's interview with the Head of the MSME Division of the Sukabumi Regency Cooperatives, Small and Medium Enterprises Office, the government, both central, provincial, and regional, has carried out its role as an MSME regulator. The government seeks to facilitate MSMEs' independence and development by the *Undang-undang Nomor 20 tahun 2008 article 3* concerning micro, small, and medium enterprises. The Law aims to grow and develop businesses to build a national economy based on a just economic democracy.

The primary purpose of these activities is to improve the quality of MSMEs in Sukabumi Regency so that they can develop and be more competitive. Through technical guidance, training, and workshops, MSME actors gain new knowledge and skills in managing their businesses, ranging from management, production, and marketing to access capital. Meanwhile, the Ramadan Bazaar and Culinary Night events are a forum for MSMEs to promote and market their products.

The efforts made by the Sukabumi Regency Cooperatives, Small and Medium Enterprises Office are the implementation of the *Peraturan Daerah Kabupaten Sukabumi Nomor 4 Tahun 2022*, which aims to protect and empower Micro Enterprises. With these various programs and activities, it is hoped that MSMEs in Sukabumi Regency can continue growing, developing, and improving the regional economy.

The role of the government as a catalyst

Capitalism is defined as a reaction with the primary goal of increasing the reaction rate. Local governments play a role as a catalyst in the development of MSMEs. Its primary function is to accelerate the transformation of MSMEs into fast-moving businesses, known as "fast-moving enterprises". Local governments implement various strategies to carry out its role as a catalyst effectively. First, the focus is on empowering the creative community. The goal is to increase creativity and change the mindset from consumptive to productive.

The role of local governments as a catalyst in empowering MSMEs is to accelerate the process of developing MSMEs into fast-moving companies. MSMEs have an entrepreneurial spirit and have the potential to transform into larger businesses.

To realize the development of MSMEs into fast-moving companies, local governments are directly involved in the process. Steps taken by the government as a catalyst:

1. Giving awards to MSMEs to motivate and appreciate their performance.
2. Empowering the creative community to be productive, not just consumptive
3. Facilitating access to capital for MSMEs to develop their businesses.

Based on researcher interviews. The Cooperatives, Small and Medium Enterprises Office plays an active role in promoting MSMEs and ordinary administrative tasks. The Agency organizes trade shows, establishes partnerships with e-commerce platforms, and utilizes social media to increase the visibility of MSMEs. Through social media the Agency uses the power of social media by managing official accounts on platforms such as Instagram and Facebook books. Periodically display the "MSME Spotlight", highlighting the production process

or product innovation from selected MSMEs. Furthermore, the Agency collaborates with local and national influencers to promote MSME products.

In the context of empowering MSMEs in Indonesia, first, the specific geographic focus on Sukabumi Regency provides a new perspective on implementing MSME empowerment policies at the local level in one of the districts in West Java that has never been studied before in this context. Second, this research includes an analysis of the impact of the COVID-19 pandemic on MSMEs in Sukabumi Regency, providing new insights into how the Department of Cooperatives, and Small and Medium Enterprises responded and adapted to this unprecedented crisis. This is important considering the significant decline in the number of MSMEs during the pandemic. Third, this research specifically highlights the issue of MSME partnerships, where data shows that only a small portion of MSMEs in Sukabumi Regency have partnerships. It provides a new perspective on the specific challenges of building partnerships for MSMEs at the district level. Fourth, different from previous research, this study aims to comprehensively analyze the supporting and inhibiting factors in the process of empowering MSMEs in Sukabumi Regency. This will provide a deeper understanding of the dynamics of MSME empowerment at the local level. Fifth, this research will evaluate the effectiveness of the coaching program that has been carried out by the Sukabumi Regency Cooperatives, Small and Medium Enterprises Service, including Technical Guidance, Workshops, and Training. This evaluation will provide new insights into the impact and effectiveness of these programs in the local context. Finally, it is hoped that the results of this research can contribute to formulating strategies for optimizing MSME empowerment that are appropriate to the local context of Sukabumi Regency. This strategy may be different from other areas that have been studied previously, considering the unique characteristics and challenges faced by MSMEs in Sukabumi Regency.

E. CONCLUSION

Based on the results of the research conducted, starting from data collection to discussion of the Role of the Cooperatives, Small and Medium Enterprises Office in empowering MSMEs in Sukabumi Regency using the theory of Gede Diva (2009), the following conclusions can be drawn:

1. The Role of the Government as a Facilitator

In carrying out its role as a Facilitator, the Sukabumi Regency Cooperatives, Small and Medium Enterprises Office has facilitated MSME actors through various activities such as training, workshops, technical guidance, and social. These activities aim to enhance the capacity and skills of MSME actors in managing their businesses. In addition, the Agency also facilitates the licensing and legality of MSME products such as *PIRT* and *Halal* certificates. It is essential to guarantee the safety and quality of MSME products to be accepted in the market.

2. The Role of the Government as a Regulator

As a regulator, the Sukabumi Regency Cooperatives, Small and Medium Enterprises Office has carried out its role by the *Undang-Undang Nomor 20*

tahun 2008 concerning Micro, Small and Medium Enterprises and the *Peraturan Daerah Kabupaten Sukabumi Nomor 4 Tahun 2022* concerning the protection and empowerment of Micro Enterprises. The Agency has organized and developed MSMEs in Sukabumi Regency through various programs and activities that aim to improve the quality and competitiveness of MSMEs.

3. The Role of the Government as a Catalyst

As a catalyst, the Sukabumi Regency Cooperatives, Small and Medium Enterprises Office have played a role in accelerating the transformation of MSMEs into fast-moving companies. This is done by giving awards to MSME actors to motivate and appreciate their performance, empowering creative communities to be productive, and facilitating access to capital for MSMEs to develop their businesses.

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