Analysis of The Role of Cooperatives and MSME's Sectors in The Empowerment of MSME's in Medan City

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A B S T R A C T

MSMEs are superior in absorbing labor by mobilizing local resources to support the regional economy. So that empowerment carried out by the government must be maximized so that MSMEs can be competitive. This study aims to analyze strategies at the Office of Cooperatives and MSMEs in Medan city in empowering and developing MSMEs using a qualitative approach using the N.Vivo application in the data processing process. The data collection techniques used are interviews and literature reviews related to the problem under study. The results of this study indicate that the strategy of the District Cooperative and MSME Office in empowering MSMEs has not run optimally. Because coaching from this government has not been felt by all MSME players in Medan City. Furthermore, MSMEs do not get capital assistance from the local government, and while there are still many MSMEs that have not received guidance from the government. In addition, the government has helped a little to overcome the problem of budget constraints by inviting participation from BUMN and the private sector in the implementation of MSME empowerment.

A B S T R A K

UMKM unggul dalam menyerap tenaga kerja dengan memobilisasi sumber daya lokal untuk mendukung perekonomian daerah. Sehingga pemberdayaan yang dilakukan oleh pemerintah harus dimaksimalkan agar UMKM mampu berdaya saing. Penelitian ini bertujuan untuk menganalisis strategi pada Dinas Koperasi dan UMKM Kota Medan dalam memberdayakan dan mengembangkan UMKM dengan menggunakan pendekatan kualitatif dengan menggunakan aplikasi N.Vivo dalam proses pengolahan datanya. Teknik pengumpulan data yang digunakan adalah wawancara dan telaah pustaka yang berkaitan dengan masalah yang diteliti. Hasil penelitian ini menunjukkan bahwa strategi Dinas Koperasi dan UMKM Kabupaten dalam memberdayakan UMKM belum berjalan secara optimal. Karena pembinaan dari pemerintah ini belum dirasakan oleh seluruh pelaku UMKM di Kota Medan. Selanjutnya UMKM tidak mendapatkan bantuan permodalan dari pemerintah daerah, dan sementara masih banyak UMKM yang belum mendapatkan pembinaan dari pemerintah. Selain itu pemerintah sedikit membantu mengatasi masalah keterbatasan anggaran dengan mengajak partisipasi dari BUMN dan pihak swasta dalam pelaksanaan pemberdayaan UMKM.

INTRODUCTION

As a developing country, Indonesia has a relatively dense population and continues to grow every year (Iswan, R., 2020). However, Indonesia has a high poverty rate because economic growth is not in line with population growth. Because of its impact on people's lives at the economic, social and cultural levels, poverty is not an easy problem to solve.

Micro, Small and Medium Enterprises (MSMEs) have an important role in Indonesia's national economic development. MSMEs are the foundation of a people's economic system that aims to eradicate poverty, and as they grow, their economic base can be expanded and can significantly increase local and national economic resilience (Abdussamad, 2021). The backbone of the country's economy is MSMEs. Nuhung (2022) emphasized that MSMEs have a significant

impact in reducing unemployment rates, creating jobs, reducing poverty, increasing prosperity, and fostering a sense of national identity through entrepreneurship.

Number of MSMEs in Indonesia (2018-2023)

Source: Indonesian Chamber of Commerce and Industry (Kadin) in 2023

According to the Indonesian Chamber of Commerce and Industry (Kadin), the number of micro, small and medium enterprises (MSMEs) in Indonesia will reach more than 66 million in 2023. This figure is an increase of 1.5% from 2022, becoming the highest number recorded at least since 2018. According to the Indonesian Chamber of Commerce and Industry, MSMEs will contribute around 61% of Indonesia's total GDP in 2023. They also estimate that MSMEs employ more than 117 million workers, which is 97% of the entire national workforce.

The Indonesian Chamber of Commerce and Industry (Kadin) focuses on the difficulties currently faced by MSMEs, such as innovation, technology, digital literacy, productivity, legality, financing, as well as improving the performance and quality of human resources.

Empowering MSMEs in the midst of globalization and intense competition. MSMEs must be able to answer global problems such as increasing product and service innovation, improving human resources and technology, and diversifying marketing activities. This needs to be done to increase the selling value of MSMEs themselves, especially so that they can compete with foreign products which are increasingly flooding industrial and manufacturing centers in Indonesia. Considering that MSMEs are the economic sector that is able to absorb the largest workforce in Indonesia.

According to Kuncoro (2009), MSMEs have an important role in strengthening the structure of the national economy. MSME development is primarily focused on strengthening the ability of small entrepreneurs to become medium entrepreneurs and micro entrepreneurs to become small entrepreneurs. In its implementation, the development of micro, small and medium enterprises faces various challenges, including capacity, skills, expertise, human resource management, marketing and financial information. Due to lack of managerial skills and human resources, small business owners are unable to conduct successful operations.

Medan City is one of the most promising regions in Indonesia in terms of developing natural resources and human resources. Medan City is an area that has potential for development to spur economic growth in the region and surrounding areas.

Table 1. Number of MSMEs in Medan City 2019-2023

No	Year	Amount
1	2019	1,206
2	2020	16,620
3	2021	27,763
4	2022	70,000
5	2023	90,000

Data source: Medan City Central Statistics Agency, 2023

The table above illustrates that the number of MSMEs in Medan City is increasing from year to year, especially between 2020 and 2023. This is due to the Covid-19 pandemic which caused many people to be laid off, thus encouraging them to start their own businesses to survive during the pandemic. With the large number of MSMEs in Medan City currently, this sector has emerged as a major contributor to the city's economy. Apart from the large number of MSMEs, the government must pay attention to the quality of these MSMEs so that they are not inferior to the National franchises in Medan City, because it is useless to have a large number of MSMEs but not good quality (Sumadi, 2020).

Table 2. Number of MSMEs assisted by the Medan City Cooperatives and MSMEs Department in 2024

No	Types of MSMEs	Number of MSMEs
1	Fashion	109
2	Trade	79
3	Service	264
4	Culinary	1,268
5	Craft	190
6	Production	111
	Total	**2021**

Data source: Medan City Cooperatives and UMKM Service

The number of MSMEs under the guidance of the Department of Cooperatives and MSMEs is only 2,021, this number is quite small because according to data from the Medan City Statistics Agency, there are approximately 90,000 total MSMEs in Medan City. It is truly a shame that only 2,021 MSMEs receive direct guidance and coaching from the Cooperative and MSME Service in Medan City. So it could be that only around 2,020 MSMEs in Medan City have above average quality that can compete in the market because they have received guidance and direction from the Department of Cooperatives and MSMEs in Medan City.

The following is previous research that is relevant to the research to be conducted. The first research was published in a publication with the title "The Role of the Cooperative and MSME Department in Empowering Micro, Small and Medium Enterprises (MSMEs) in Samarinda City" by Dwi Sepriono Nur (2020). The findings from this research show that the

Department of Cooperatives and MSMEs has made efforts to improve the business climate in order to increase the number of MSMEs in Samarinda City. This is done by simplifying licensing and support as well as enforcing strict regulations to ensure that MSMEs can remain competitive and develop. Apart from that, the Department of Cooperatives and MSMEs has also expanded its business unit portfolio by holding MSME meetings as an effort to increase the number of MSMEs in Samarinda City.

The second research was conducted for a thesis entitled "The Role of the Serdang Bedagai Regency Manpower and Cooperative Service in Empowering Micro, Small and Medium Enterprises" by Ulfa Anastasia Maureen Purba (2021). The findings of this research show that, overall, the Department of Social Affairs, Manpower and Cooperatives plays a good role in guiding business actors at both district and provincial levels. However, many traders are reluctant to take part in coaching because, among other reasons, some dodol workshop MSME traders are not registered because they do not have a business license, so they avoid coaching for fear that their actions will have consequences.

With a thesis entitled "The Empowering Role of the Cooperatives and MSMEs Department in the Development of Micro, Small and Medium Enterprises in Surabaya", Samantha Immanuel Panjaitan (2020) conducted the third research. The Department of Cooperatives and MSMEs in Medan City provides capital empowerment assistance to MSME actors, which can be considered as an empowerment step. This increases the overall output of MSMEs and the income generated by these businesses in Surabaya.

RESEARCH METHODS

The research method used by researchers is descriptive qualitative with a case study approach to determine the Strategy of the Cooperative and UMKM Department in Empowering Micro, Small and Medium Enterprises in Medan City. Descriptive is a problem formulation that describes or explores the social situation that will be studied thoroughly, broadly and in depth. According to (Saleh, 2021) a qualitative approach is a research step that produces descriptive data in the form of written words, expressions from informants, audio, documentation, and observations of the environment being observed. Qualitative descriptive research is a form of research that describes phenomena, forms, activities and characteristics that occur (Rusandi & Muhammad Rusli, 2021). Through a qualitative approach, researchers can understand phenomena about the things being studied, for example perceptions, motivations, interests, actions, obstacles in the form of words and language. All data collected is factual and accurate.

The data collection method used was interviews with the Head of the Medan City Cooperatives and UMKM Service, the Head of the UMKM Division, and five MSME actors empowered by the Medan City Cooperative and UMKM Service.

Researchers then used the N.Vivo application for data processing. Because this application covers a wide range of challenges that qualitative researchers may face. These issues include the time-consuming nature of data collection (Brandão, 2015), the fact that different researchers typically interpret qualitative data in different ways, and the challenge of ensuring data validity due to reactivity and subjective components. Therefore, researchers use the N.Vivo application to process data, carry out coding and provide presentations and visualizations of their findings (Daffa, 2023).

The subject of this research is to find out how to empower MSMEs and find out what the problems are. Meanwhile, the objects targeted for this research are MSMEs empowered by the

Medan City government who operate in the culinary, goods & services sectors as well. The location of the research took place at the Medan City Cooperatives & UMKM Service.

RESULTS AND DISCUSSION

The main ideas of strategy, such as innovation, market differentiation, reach and cost control, were mentioned by the Department of Cooperatives and MSMEs in empowering MSMEs (Ahyar et al, 2020). This article explores how the Medan City Cooperatives and MSMEs Department can design strategies to improve coaching performance in order to empower and develop MSMEs in Medan City to be more empowered, based on research focused on the innovation dimension. Research findings regarding innovation strategies show that, in general, Medan City Dinkop and MSMEs have developed strategies to empower and develop MSMEs through training, coaching, comparative studies, and inviting participation from BUMN and the private sector. MSMEs have received guidance and training from these organizations.

This market differentiation component also includes ways that the MSME Service and cooperatives can use to develop plans to assist MSME players in marketing their merchandise. As a comprehensive corporate operating system, marketing aims to design, determine prices, promote and distribute goods and services that can meet consumer needs. As a government agency tasked with empowering MSMEs, the Department of Cooperatives and MSMEs certainly has the task of assisting MSMEs in marketing their merchandise. Therefore, currently the MSME and Cooperative Service is helping to sell MSME merchandise through bazaars and marketing via the internet, as well as inviting business actors who already have their own business premises to help promote budding MSME products.

In this case, the strategy of the Medan City Cooperatives and MSMEs Department in helping MSMEs to develop superior products is by creating better products. This is of course important to achieve considering how tight competition is in the business sector and how MSMEs in Medan City help MSMEs prepare superior products so they can compete by providing training, both managerial training and good and correct production process training. Better products emphasize the product's benefits and emphasize its quality. Of course, the function of the Department of Cooperatives and MSMEs cannot be separated from efforts to produce these MSME products.

Budget limitations mean that the Medan City Cooperatives and MSMEs Department cannot provide empowerment assistance in the form of business capital. However, the Medan City Cooperatives and MSMEs Department has overcome this by inviting participation from BUMN and the private sector to help develop MSMEs. This is demonstrated by the budget management strategy of the Department of Cooperatives and MSMEs in providing training and guidance to MSME actors on this cost control indicator. However, due to limited funds, the process of developing and empowering MSMEs in Medan City has not gone as smoothly as expected.

Interpretation Results via the N.Vivo Application

The words most frequently used in the Word Cloud program are empowerment, community, cooperatives, government, and other words that appear in the image below, which shows the word cloud used in research sources. This result is a consequence of analysis of interview data conducted with the Medan City Cooperatives and MSMEs Department and Medan City assisted MSME actors.

Figure 1. Word Clouds

Source: N.vivo 12 plus data processing results

The following features are the same as the features above, these features are displayed as numbers and frequencies. According to the results of content analysis using word frequency features, "empowerment" (cited 656 times) and "society" (611 times) were the terms most frequently used by researchers in their publications. In NVIVO 12 Plus when the correlation results are less than <1 indicates a weak correlation, and 1 indicates a strong correlation according to the Pearson correlation scale (Abdussamad, Z, 2021). Research findings show that the terms "empowerment" and "community" >1 indicate a close relationship and correlation with the process of empowering MSMEs.

Table 3. *Coding Results*

Word	Length	Count	Weighted Percentage (%)
Empowerment	12	656	1.03
Public	10	611	1.01
Cooperative	8	487	0.40
Development	12	422	0.34
Government	10	385	0.31
Strategy	8	328	0.27
Sustainable	13	299	0.24
Training	9	294	0.24
Environment	10	242	0.24
Business	8	234	0.20
Marketing	9	224	0.19
Policy	9	190	0.18
Development	11	180	0.16
Company	10	178	0.15
Technology	9	175	0.15
Finance	8	169	0.14
Enhancement	11	169	0.14

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Support	8	162	0.14
Customer	9	160	0.14
Production	8	151	0.13
Management	9	140	0.12
Community	9	136	0.11
Ability	9	132	0.11
Growth	11	126	0.11
Marketing	9	125	0.10
Information	9	124	0.10
Circular	8	122	0.10
Consumer	8	113	0.09
Economy	12	112	0.09
Continuity	13	111	0.09
Innovative	8	109	0.09
Accompaniment	12	109	0.09
Build	9	100	0.08
Devotion	10	100	0.08
Organization	10	99	0.08
Poverty	10	96	0.08
Development	11	94	0.08
Industry	8	91	0.07
Budget	8	90	0.07
Sale	9	90	0.07
Income	10	88	0.07
Knowledge	11	84	0.07
Develop	10	83	0.07
Need	9	83	0.07
Quality	8	78	0.06
Development	12	78	0.06
Entrepreneurship	13	77	0.06
Management	10	75	0.06
Competitive	10	72	0.06
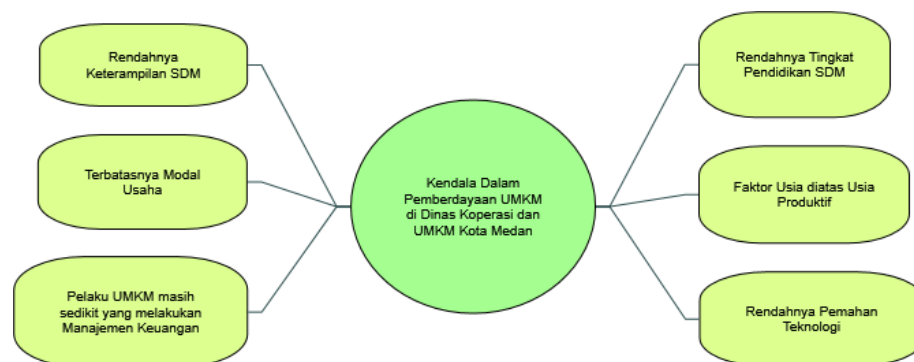
Figure 2. *Hierarchy Chart Mind Map* **MSME empowerment factors**

Factors inhibiting community empowerment by the Department of Cooperatives and SMEs in Medan City are as follows:

1. Low human resource skills where MSME actors still have low skills and innovation so this is one of the obstacles in empowering, they only follow what is available and there is no initiative to keep up with current developments.
2. MSMEs are hampered in developing their businesses due to inadequate infrastructure, lack of financing, and lack of expertise in business management.
3. There are no business partners who help in empowering the community, especially MSMEs. So there is no support for training and capital assistance apart from the Medan City Cooperatives and MSMEs Department.
4. It is not uncommon for small MSME players to be able to carry out good financial management, they cannot separate their personal and business assets so that MSME players do not know the prospects for their business development.
5. In empowering MSMEs, the age of MSME actors is above the productive age, namely around >50 years of age, so it is very difficult to encourage them to keep up with current developments. For the younger generation, only around 10% of those aged above are productive.
6. Because MSME actors are on average above the productive age, it is very difficult to keep up with technological developments, so MSME actors are still not skilled at marketing online and utilizing social media technology.

CONCLUSION

It is evident from the government's direction and assistance in business licensing that has not been felt by all MSME players, the empowerment provided by the Medan City Cooperative and MSME Service is considered to be still less than optimal. Apart from that, the regional government has not provided capital support to MSMEs. However, so far the government has helped MSMEs a lot in promoting their products through various initiatives such as bazaars, although only a small number of MSMEs have been able to take advantage of these opportunities. However, so far, the government has attempted to overcome the constraints of limited funds by encouraging BUMN and the private sector to participate in implementing MSME empowerment.

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