

The Role of the Department of Cooperatives, Micro, Small and Medium Enterprises and Industry in Empowering MSMEs in Balikpapan City

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ABSTRACT: This study aims to gain an in-depth understanding of the contribution of the Cooperatives, Micro, Small, Medium Enterprises and Industry Service (DKUMKMP) in the development of MSMEs in Balikpapan City. The informants in this study were employees of the Cooperatives, Micro, Small, Medium Enterprises and Industry Service of Balikpapan City who focused on empowering and developing MSMEs totaling 8 people, consisting of 1 Head of Section, 2 Heads of Sections, 3 Staff, 1 Office Secretary and 1 Head of Service as the main informant. Other informants in this study consisted of 13 MSME actors who were selected purposively. Data analysis is qualitative in nature. This study shows that: 1) The function of DKUMKMP as a facilitator has increased the understanding and ability of MSMEs in production to increase the quantity and quality of products, then help MSMEs expand their markets through digital marketing training; 2) The function of DKUMKMP as a regulator has formulated and ratified regulations such as Regional Regulations, Mayoral Regulations, and circulars related to MSMEs and assisted MSME actors in the process of issuing business permits, registering brands, and registering halal certificates; 3) The function of DKUMKMP as a catalyst has created new jobs, connected MSME problems with their partners, provided business development consulting services, and assisted business actors in obtaining financial support from the Central Government, Provincial Government, and Regional Government

KEYWORDS: MSMEs, empowerment, facilitator, regulator, catalyst, local government.

1. INTRODUCTION

The development of Micro, Small and Medium Enterprises (MSMEs) in Indonesia from year to year is considered quite rapid because market competition always increases every year, many people compete to open their own businesses or become entrepreneurs, this can have a positive impact on the community, especially those who do not have jobs because these business actors can more or less open new jobs to reduce the number of unemployed in Indonesia. The role of Micro, Small and Medium Enterprises (MSMEs) or Small and Medium Enterprises (MSMEs) or Small and Medium Enterprises (SMEs) in the economic growth of a country is considered important. MSMEs have a large and crucial contribution to the Indonesian economy. According to Law Number 20 of 2008 concerning Micro, Small Enterprises is defined as a productive economic activity that stands alone. This business is carried out by individuals or business entities that are not subsidiaries or branches of companies owned, controlled or become part of either directly or indirectly from medium or large businesses and meet other criteria.

Micro, Small and Medium Enterprises (MSMEs) have been the backbone of Indonesia's national economy, contributing more than 60% to Gross Domestic Product (GDP) and employing over 96% of the national workforce. Despite their role, MSMEs face fundamental challenges such as limited access to capital, inadequate market penetration, lack of legal compliance, and weak human resources. The COVID-19 pandemic has further aggravated these challenges, with more than 80% of MSMEs experiencing severe revenue drops (Ministry of Cooperatives and SMEs, 2021). Given this context, the involvement of local governments becomes crucial in facilitating economic resilience.

In Balikpapan City, the Department of Cooperatives, MSMEs, and Industry (DKUMKMP) holds a strategic position in promoting local economic development through MSME empowerment. This study seeks to explore DKUMKMP's roles as a facilitator, regulator, and catalyst in enabling the growth and resilience of MSMEs in the face of economic disruption.

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2. LITERATURE REVIEW

Micro, Small and Medium Enterprises (MSMEs) are defined by Indonesian Law No. 20 of 2008 as productive businesses owned by individuals or entities that are independent and not subsidiaries or branches of larger enterprises. According to Mudrajad (2010), MSMEs are characterized by small-scale operations, simple management structures, limited access to finance, and predominantly informal sector operations. These businesses often lack legal formalization and operate with limited capital and marketing networks.

Diva in Azisa (2021) emphasizes the role of local government in MSME empowerment through three essential roles: (1) Facilitator – providing training, facilities, and promotion; (2) Regulator – creating policies that support MSMEs' ease of doing business; and (3) Catalyst – accelerating the transformation of MSMEs into resilient and independent business entities through strategic interventions. These roles are supported by the findings of Tambunan (2012), who argues that effective government engagement is crucial for enabling MSMEs to overcome structural constraints.

The concept of Micro, Small and Medium Enterprises (MSMEs)

Micro, Small and Medium Enterprises (MSMEs) are the most strategic national economic sector and concern the livelihoods of many people, thus becoming the backbone of the national economy. Micro businesses have an important role in absorbing labor and reducing unemployment rates, can overcome poverty, and play a role in providing goods and services that can ease the burden on small and medium business actors (Ria, 2017). Limited jobs and increasing population have led to increasingly narrow job opportunities. Limited costs can also sometimes prevent someone from developing their skills.

MSMEs generally pay attention to packaging, especially hygiene. The production process is carried out semi-manually, where human power is still dominant. The quality control process has been applied to competitive food MSMEs, starting from the selection of raw materials, production processes, and final products. This is done so that customer trust in the quality of their products can be maintained. The existence of regional autonomy requires each region to always develop its economic potential (Dina and Deni, 2017:2)

Based on Law of the Republic of Indonesia Number 20 of 2008 Article 5, the objectives of empowering Micro, Small and Medium Enterprises (MSMEs) economically are as follows: a. Realizing a balanced, growing, and equitable national economic structure; b. Growing and developing the capabilities of Micro, Small and Medium Enterprises (MSMEs) to become strong and independent businesses; and c. Increasing the role of Micro, Small and Medium Enterprises (MSMEs) in regional development, job creation, income equality, economic growth, and poverty alleviation.

3. RESEARCH METHODOLOGY

This research employs a qualitative descriptive approach. The study was conducted at the Department of Cooperatives, MSMEs and Industry (DKUMKMP) in Balikpapan City from October to December 2021. Data were collected through in-depth interviews, participatory observations, and document reviews.

Informants include 8 personnel from DKUMKMP (including the Head of Department, division heads, and staff involved in MSME development) and 13 purposively selected MSME actors with at least 3 years of business experience.

In this study, the author uses a qualitative research type. Data analysis is carried out during data collection, in conducting data analysis the researcher refers to several stages including: 1. Data reduction, namely the process of selecting, focusing on simplification, abstraction and transformation of raw data that emerges from notes in the field during research. 2. Data presentation (data display), namely the activity of a collection of information in the form of narratives, network graphs, tables and charts that aim to sharpen understanding. 3. Research on the selected information is then presented in a table or explanatory description. 4. Drawing conclusions or verification (conclusion drawing/verification), which seeks the meaning of explanatory patterns, causal flows and propositions. Drawing conclusions is done carefully by conducting verification in the form of a review of notes in the field

4. FINDINGS AND DISCUSSION

The findings indicate that DKUMKMP Balikpapan has effectively adopted the three roles proposed by Diva (2021).

4.1 Role as a Facilitator

DKUMKMP provides regular training on production techniques, business management, and digital marketing. Digital literacy campaigns have helped MSMEs enter online marketplaces. Several participants reported increased revenues after receiving training and business model guidance.

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Based on the results of interviews with research informants from both employees of the Balikpapan City Cooperatives, Micro, Small and Medium Enterprises and Industry Service and from MSME actors, it can be concluded that there are several benefits felt by MSME actors with the training activities carried out by the Balikpapan City Cooperatives, Micro, Small and Medium Enterprises and Industry Service, including: 1) Increasing the knowledge and experience of business actors in the production sector so that they can improve the quality of their products 2) Expanding the marketing area because through digital marketing training, MSME actors can market their products online 3) Increasing the production results of MSME actors

4.2 Role as a Regulator

The department assists MSMEs in obtaining business licenses, halal certifications, and trademark registrations. Regulatory reforms, including the adoption of the OSS (Online Single Submission) system, have improved service efficiency.

Based on the results of interviews with research informants from both employees of the Balikpapan City Cooperatives, Micro, Small and Medium Enterprises and Industry Service and from MSME actors, it can be concluded that there are several benefits felt by MSME actors with the existence of 64 regulations issued by the Balikpapan City Cooperatives, Micro, Small and Medium Enterprises and Industry Service in collaboration with the local government and DPRD, including: 1) Every MSME has a legal entity and is legally registered 2) Every MSME has brand rights and halal certificates so that MSME products can compete in the market both in the city and outside the city of Balikpapan 3) Increasing the income of MSME actors

4.3 Role as a Catalyst

DKUMKMP has partnered with banks and funding institutions to facilitate access to credit and business grants. Programs such as 'UMKM Go Digital' and 'UMKM Naik Kelas' have strengthened MSME resilience. Nevertheless, challenges remain in terms of limited budgets, low digital readiness, and uneven access to training among rural MSMEs.

Based on the results of interviews with research informants, both from employees of the Balikpapan City Cooperatives, Micro, Small and Medium Enterprises and Industry Service and from MSME actors, it can be concluded that there are several benefits felt by MSME actors with the role of the catalyst of the Balikpapan City Cooperatives, Micro, Small and Medium Enterprises and Industry Service, including: 1) Several MSMEs are already independent, advanced and developing 2) Several MSMEs have high competitiveness so that they have penetrated the national market

5. CONCLUSION AND SUGGESTIONS

This study concludes that DKUMKMP Balikpapan has demonstrated substantial roles in MSME empowerment through facilitation, regulation, and catalytic actions. Its initiatives have supported MSME growth and sustainability amid challenges such as the COVID-19 pandemic. However, to enhance impact, broader outreach, increased funding, and stronger inter-agency collaboration are needed.

Based on the description of the research results and discussion, the following are the conclusions in this study: The role of the Cooperatives, UMKM and Industry Service in Empowering UMKM in Balikpapan City consists of: 1. Facilitators have increased the knowledge and skills of UMKM in the field of production to increase the number and quality of products, then helped UMKM to expand the market by providing digital marketing training. 2. Regulators have prepared and stipulated regulations in the form of Regional Regulations, Mayoral Regulations and circulars relating to UMKM and assisted UMKM actors in issuing business permits, registering trademarks, and registering halal certificates. Catalysts have created new jobs, bridged UMKM problems with their partners, prepared business development consulting services and assisted business actors to obtain financial assistance from the Central Government, Provincial Government, and Regional Government itself.

Recommendations include: (1) scaling up digital training programs; (2) establishing integrated MSME databases; (3) improving budget allocation; and (4) promoting public-private partnerships to sustain MSME ecosystems.

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