



STRATEGY FOR EMPOWERMENT OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs) FOOD SECTOR BY THE OFFICE OF COOPERATIVES, SMALL/MICRO BUSINESSES AND INDUSTRY OF BALANGAN REGENCY

Muhammad Sulistyono*, Yusuf Hidayat, Muhammad Riduansyah Syafari

Master Study Program of Development Studies, Postgraduate Program, Universitas Lambung Mangkurat, Banjarmasin, South Kalimantan, Indonesia

Submit : 09-06-2021

Accepted : 05-01-2022

***Corresponding author**

Abstract

Community-based development refers to the needs of the community. It is necessary to utilize the potential of community resources; human qualifications that have innovative skills are a requirement to achieve prosperity. Now as much as 60% of the Micro, Small and Medium Enterprises (MSME) sector is engaged in the food sector. Problems in empowering MSMEs in Balangan Regency are low product competitiveness, limited infrastructure and food technology used. This study aims to analyze the strategy for empowering MSMEs in the food sector at the MSME Cooperative and Industry Service in Balangan Regency. This study uses a qualitative approach. Data were collected through interviews, observation, and documentation. Informants are employees of the Cooperatives, Small Business/Mikto and Industry Offices who handle the Empowerment of MSMEs in the food sector for a minimum of two years of work, MSME actors in the food sector for a minimum of two years of operation, and activists for Institutional Empowerment related to MSME Empowerment for a minimum of two years. Data were analyzed using SWOT analysis technique. The results show that the inhibiting factors include unprofessional management, limited capital, unqualified product quality, relatively expensive product prices, and unattractive product packaging designs. The challenges experienced include budget reductions, placement of human resources for personnel who are not in accordance with competence, the Covid-19 pandemic, locations that are difficult to reach, limited capital and raw materials, low entrepreneurial spirit, competition for similar products from outside the region, and often used as side businesses.

Keywords: MSME Empowerment, Food Sector, Balangan Regency, SWOT Analysis.

INTRODUCTION

Development is often interpreted as a process of change towards a better state, where as a process, development is not carried out instantaneously. There is a process that applies from the formulation stage to the evaluation stage so that the development carried out is in accordance with the things that have been planned, provides benefits to the community, and evaluates the weaknesses of the implementation of the development. National development is defined as a deliberate economic, social and cultural transformation through policies and strategies towards the desired direction (Tikson, 2005).

Development administration includes two meanings, namely administration and development, where administration is the entire process of implementing decisions that have been taken and organized by two or more parties to achieve predetermined goals, while development is defined as a series of efforts to realize growth and change in a planned and conscious manner. taken by a nation and state towards modernity in the context of nation-building (Siagian, 2007).

Community-based development is simply defined as development that refers to community needs, planned and implemented by the community by utilizing the potential of resources that can be accessed by the local community, therefore community-based development should be development that refers to community needs and not formulated by community elites. who feel they know and are smarter to formulate development that is more suitable for the community.

The potential of community resources in community-based development can be interpreted as an effort to change potential resources into actual ones. Basically, the utilization of the potential of community resources must be interpreted as an effort to utilize or mobilize resources that have not been previously touched, but it can also mean increasing the usefulness or optimizing of resources that have not been worked on before.

Utilization of the potential of community resources requires the quality of humans who have innovative skills so that human resources are development resources in achieving prosperity. Human capital occupies a very important position and role in development as managers and development actors who can provide benefits and improve human life and welfare (Theresia, 2015).

Empowerment is a holistic process; an active process between motivators, facilitators and community groups that need to be empowered through increasing knowledge, skills, providing various facilities and opportunities for access to natural resource systems in improving community welfare (Sumodiningrat, 2015). Empowerment is seen from its comprehensive process starting from the awareness process to capacity building (individual, group/institutional and networking) (Syafari, 2017). The goal to be achieved through community empowerment efforts is a community that is independent, self-reliant, able to adopt innovation and has a cosmopolitan mindset (Sutarto, 2007). The implementation of the MSME empowerment process and the achievement of MSME empowerment goals is achieved through the application of an empowerment approach which can be shortened to 5P (Suharto, 2017), namely Enabling, Strengthening, Protecting, Supporting and Maintaining.

The Ministry of Cooperatives and Small and Medium Enterprises released that as much as 60 percent of the Micro, Small and Medium Enterprises (MSME) sector is engaged in the food sector. These business actors also consume as much as 66 percent of the national flour and more than 90 percent of the agricultural and fishery production sectors are MSMEs (<https://www.republika.co.id/berita/qilmzb383/menkop-60-persen-umkm-bergerak-di-bidang-pangan>)

Food processing in Indonesia is carried out by large, medium-sized companies as well as Micro, Small and Medium Enterprises (MSMEs), but the development of food-agriculture-based MSMEs still faces many internal, external and structural problems. Internal problems faced from upstream to downstream include the provision of raw materials, production processes and technology, finance, marketing, Human Resources (HR), and the creation of added value. External problems related to the ability of MSMEs to be able to compete at national and international levels are increasingly complex (Hubeis, et al. 2015). Structural problems are usually associated with obstacles that come from formal policies and bureaucracies set by the government, credit institutions such as banks, and institutions authorized to provide product eligibility standards that prevent MSMEs from entering and competing in the market (Dewayanti and Chotim, 2004).

The problem in empowering MSMEs in Balangan Regency is that the competitiveness of Balangan Regency's superior products is generally still low. This is due to the low productivity, quality, added value and economic scale of these superior products as well as limited public access to sources of capital, mastery of science and technology and market information to support micro, small and medium business activities, as well as the limited supporting facilities and infrastructure (RPJMD Balangan Regency). 2016-2021).

MSMEs in the food sector in Balangan Regency have the potential to be developed as one of the foods that have characteristics and uniqueness that are in demand by the community. Food SMEs in Balangan are generally very diverse, including products that can be stored and carried. These products are generally local Balangan foods such as processed cempedak skin (mandai), Palm Sugar, Waluh Crackers, Shredded Fish, and other processed foods.

The MSMEs in the food sector in Balangan Regency in 2019 amounted to 3,204 MSMEs (62.52%) of the total 5,124 MSMEs. The data shows the large contribution of MSMEs in the food sector to the total MSMEs in Balangan Regency, but the empowerment of MSMEs in the food sector is still minimal where the number of MSMEs in the food sector fostered in the last 3 (three) years, namely in 2017 as many as 25 MSMEs, in 2018 as many as 25 MSMEs and in 2019 it fell to 20 MSMEs. When compared to the number of MSMEs in the Food Sector in 2019 of 3,204 MSMEs, the percentage fostered by the Office of Cooperatives, Small/Micro Business and Industry in 2019 was only 0.62%.

Empowerment of MSMEs in the food sector which has been carried out by the Department of Cooperatives, Small/Micro Business and Regency Industry based on the observations of researchers, namely through food processing training through good product processing procedures (Good Manufacturing Practices), marketing training through e-commerce, training in making multi-function machines, include MSME products in exhibitions, provide assistance in facilitating licensing and granting halal certificates, providing guidance and counseling for MSMEs to overcome technical obstacles that occur in the manufacture of food products as well as capital assistance in the form of equipment to support the MSME business.

The problems of MSMEs in the food sector in Balangan Regency based on initial observations made by the author, the authors assume that they are related to problems of human resources, capital, product quality, unattractive packaging, there are still many food products that do not have a PIRT permit and are not halal certified, higher prices, in addition to the lack of application of marketing technology using electronic commerce (e-commerce). This causes MSME products in the Food sector in Balangan Regency to have difficulty competing with products originating from outside the region and is prone to failure in their development due to unsold and expired products.

MATERIAL AND METHOD

Phrases Research approach is understood as the point of view used by researchers to answer research problems. The research cycle in qualitative research begins with selecting a research project, then proceeds to ask questions related to the research project, then collects data concerning the questions referred to above, compiles a record of the data that has been collected, and analyzes it.

Qualitative research approaches are carried out by researchers in different ways. Qualitative researchers start their work by understanding the symptoms that are the center of their attention by immersing themselves (conducting participant observation) into the field with an open mind as possible, and allowing impressions to arise. Qualitative research as research that intends to understand the phenomenon of what is experienced by the research subject, for example behavior, perception, motivation, action, holistically by means of description in the form of words and language.

The research method used in this study is a qualitative research method in which the researcher describes and explains the situation and conditions that occurred after the researchers conducted observations and interviews related to the Empowerment of MSMEs in the Food Sector by the Office of Cooperatives, Small/Micro and Industry in Balangan Regency.

The researcher took the location in the Cooperatives Office, Cooperatives, Small/Micro Business and Industry Offices. The research was conducted on April 27, 2021 to May 11, 2021. The subjects of this research are Employees at the Cooperative Service Office of Cooperatives, Small/Micro Business and Industry in Balangan Regency who deals with the Empowerment of MSMEs in the food sector and MSME actors in the food sector in South Paringin District, Batumandi and Lampihong sub-districts and institutions related to MSMEs. The location of this research was chosen because the Office of Cooperatives, Small/Micro Business and Industry is the Office in charge of empowering MSMEs in Balangan Regency.

Informants who will be asked for information are employees of the Cooperatives, Small/Micro Business and Industry Office who handle the Empowerment of MSMEs in the food sector with a minimum criteria of 2 (two) years, MSME actors in the food sector who have tried for a minimum of 2 (two) years and Empowerment Activists in Institutions that related to the empowerment of MSMEs for at least 2 (two) years.

Data was collected by means of observation, interviews, and documentation. Data analysis technique is using SWOT. According to Rangkuti (2017) SWOT analysis is the identification of various factors systematically to create a company strategy. The basis of this analysis is a logic that can maximize the company's strengths and opportunities; on the other hand, an integrated company can minimize weaknesses and threats.

RESULTS AND DISCUSION

General Overview of Research Sites

The Office of Cooperatives, Small/Micro Business and Industry was formed based on Regional Regulation Number 14 of 2016 concerning the Formation and Organizational Structure of Regional Apparatus (Balangan Regency Regional Gazette 2016 Number 14). The Office of Cooperatives, Small/Micro Business and Industry is led by a Head of Service who is under and responsible to the Regent. The Office of Small/Micro Business Cooperatives and Industry in Balangan Regency in setting up its Main Duties and Functions is based on Balangan Regent Regulation No. 38 of 2016 concerning the Position, Organizational Structure, Duties, Functions and Work Procedures of Regional Apparatus.

The Department of Cooperatives, Small/Micro Business and Industry has the task of assisting the Regent in carrying out Government Affairs in the field of supervision and inspection of cooperatives, health assessment of Savings and Loans Cooperatives (KSP) / Savings and Loans Unit (USP) Cooperatives, cooperative education and training, empowerment and protection of cooperatives, empowerment and development of micro/small enterprises and planning for industrial development, industrial enterprises, national industrial information systems as well as assistance tasks assigned to the Regions.

The Strategic Plan Document (Renstra) of the Office of Cooperatives, Small/Micro Business and Industry of Balangan Regency for 2016 - 2021 is an official document for planning regional work units for medium-term development for the next 5 (five) years that describes the Goals, Targets, Strategies, Policies, Programs and strategic activities to be achieved in the context of implementing development in Balangan Regency in the field of cooperatives, micro/small businesses and industry within the next 5 (five) years in line with the vision, mission, and programs of the Regional Head and Deputy Regional Head and adjusted to the Balangan Regency Medium Term Program Plan (RPJMD) 2016 – 2021.

Strengths of Cooperatives, Small/Micro Enterprises and Industry Dinas

Analysis of the strengths possessed by the Small/Micro Business and Industry Office include the availability of sufficient budget to support MSME Empowerment, the issuance of the Regent's Circular on Priority for the Purchase of MSME Products, and Regulations in the form of Regional Regulations. This is as conveyed by Plt. The Head of the Office of Small/Micro Business and Industry at the time of the interview was as follows:

"Regarding strength, of course, in terms of the available budget, apart from the APBD, it is also supported by the APBN and the Provincial APBD. The existence of a Regent's Circular regarding the Priority of Purchase of MSME Products in Balangan Regency, besides that the Regional Regulation that supports the empowerment of MSMEs is one of the strengths." (Interview on April 29, 2021).

The strengths possessed by the Office of Small/Micro Business and Industry are that Food MSME Products have entered modern retail, There is assistance for MSMEs from the Service and companies and Products already have PIRT permits and halal certificates. This information was obtained by researchers based on interviews with MSME actors in the food sector, business owners Abon "Si Rasa" Mrs. Iswati as follows:

"This business has received assistance from the cooperatives, small/micro businesses and industry, trade and fishery offices. Marketing has arrived at Lotte Mart, Indomaret is facilitated by the cooperative office, small/micro businesses and the ulun industry hope that the service continues to be guided by the service, for permits owned by PIRT and halal certificates" (Interview on 6th May 2021).

Balangan products also have strengths, namely characteristics, this was obtained by the researcher based on an interview with the Chairman of the Balangan Business Incubator Institute (Link B) Mr Alpianoor as follows:

"The strength of MSMEs in the food sector is related to product characteristics such as mandai, palm sugar, honey. if Link B manages a sanggam mart as a souvenir center in Balangan. Link B also often provides entrepreneurship training for MSME actors in collaboration with Adaro" (Interview on 5th May 2021).

Based on the results of interviews with informants at the Office of Cooperatives, Small/Micro Business and Industry and to MSME actors in the food sector and institutions related to MSMEs, the authors can conclude that the strengths that exist in the Office of Cooperatives, Small/Micro Business and Industry:

- 1) Availability of sufficient budget to support MSME Empowerment.
- 2) Regent's Circular regarding Priority of Purchase of MSME Products.
- 3) Regulation in the form of Regional Regulation.
- 4) Balangan MSME products have distinctive characteristics.
- 5) Food MSME products have entered modern retail.
- 6) There is assistance for MSMEs from the Department and companies.
- 7) The product already has a PIRT permit and a halal certificate.

Weaknesses of the Office of Cooperatives, Small/Micro Enterprises and Industry

Analysis of Weaknesses owned by the Office of Small/Micro Business and Industry, among others, is the lack of facilities and infrastructure owned by the Office, the limited budget of the Office and the lack of support from other SKPD in fostering MSMEs. The Head of the Office of Small/Micro and Industry, Mr. H. Syamsul Hidayat, S.Sos at the time of the interview as follows:

"Weaknesses are in budget constraints due to the COVID-19 pandemic which has an impact on decreasing regional income, minimal facilities and infrastructure, low employee work ethic, lack of support from other SKPDs" (Interview on April 29, 2021).

The weakness of the Small/Micro Business and Industry Service is the lack of human resources owned by the Apparatus Service both in quality and quantity and the lack of monitoring and guidance carried out by the KUKMP Service for MSMEs. This information researchers obtained based on interviews with the Head of Cooperatives and SMEs Mr. Akhmad Hairani, S.Sos as follows:

"Our weakness in human resources owned by the Department is still limited knowledge related to MSMEs so that there is a need for guidance from the province in terms of training, Then there is a lack of monitoring and guidance for MSME." (Interview on April 29, 2021).

The next weakness is that the business management of MSME actors is still not professional, MSME product quality does not meet standards, MSME product prices are relatively expensive and product packaging designs are not attractive, the researchers obtained

this based on an interview with the Chairman of the Local Economic Development Forum (FEDEP) Mr. Saiful Arif as following:

"The weakness of our MSMEs is first in managerial and human resources where management is still "one man show" or all of them are employed by one person, there is also no motivation to develop themselves and the business they are involved in, then capital where it is difficult to get capital in banking, raw materials are expensive tends to increase, production facilities and infrastructure where the quality of the product does not meet the standards besides that the product price is relatively expensive and the packaging design is less attractive" (Interview on 5th May 2021).

Based on the results of interviews with informants at the Office of Cooperatives, Small/Micro Business and Industry and to MSME actors in the food sector and institutions related to MSMEs, the authors can conclude that the weaknesses that exist in the Office of Cooperatives, Small/Micro Business and Industry:

- 1) The lack of facilities and infrastructure owned by the KUKMP Service
- 2) Limited budget of the KUKMP Office
- 3) The lack of support from other SKPD in fostering MSMEs
- 4) The lack of Human Resources owned by the Apparatus Service both in Quality and Quantity
- 5) Lack of monitoring and guidance carried out by the KUKMP Office for MSMEs
- 6) Business management of MSME actors is still not professional
- 7) The quality of MSME products does not meet the standards
- 8) The relatively expensive price of MSME products
- 9) Product packaging design is less attractive

Opportunities for Cooperatives, Small/Micro Enterprises and Industry

Analysis of Opportunities owned by the Office of Small/Micro Business and Industry including the Vision and Mission of the Regional Head related to MSMEs and the existence of government programs that synergize with MSMEs. This is as conveyed by Plt. The Head of the Office of Small/Micro Business and Industry at the time of the interview was as follows:

"The opportunity is because one of the visions and missions of the elected regent is related to support for MSMEs, where Local Government Programs that support the MSME sector must synergize between SKPD and do not run alone." (Interview on April 29, 2021).

Opportunities that are owned by the Office of Small/Micro Business and Industry are institutions whose authority is to develop MSMEs and the existence of other Regional Apparatuses and other institutions that participate in fostering MSMEs. This information researchers obtained based on interviews with the Head of Cooperatives and SMEs Mr. Akhmad Hairani, S.Sos as follows:

"The opportunity for empowering MSMEs in Balangan Regency is currently very supportive because of the government's policies towards MSMEs, secondly, the

government's policy to open new tourism opens up opportunities for MSMEs to develop their businesses. Third is the existence of SKPD and other institutions that participate in fostering MSMEs. Then this service is also the leading sector for the empowerment of MSMEs in Balangan Regency.” (Interview on April 29, 2021).

Based on the results of interviews with informants at the Office of Cooperatives, Small/Micro Business and Industry and to MSME actors in the food sector and institutions related to MSMEs, the authors can conclude that the opportunities that exist in the Office of Cooperatives, Small/Micro Business and Industry:

- 1) Vision and Mission of the Regional Head related to MSMEs
- 2) There is a government program that synergizes with MSMEs
- 3) Institutions whose authority is to develop MSMEs
- 4) The existence of other Regional Apparatus and other institutions that participate in fostering MSMEs

Threats of Cooperatives, Small/Micro Business and Industry Offices

The Threat Analysis owned by the Small/Micro Business and Industry Service includes the existence of a budget reduction, the placement of human resources in apparatus that are not in accordance with their competence and experience and the existence of the Covid 19 Pandemic. This is as conveyed by Plt. The Head of the Office of Small/Micro Business and Industry at the time of the interview was as follows:

"Threats include the Covid-19 pandemic so that our space for movement is limited, there is a reduction in the budget, besides that there are also transfers of officials/ASN that are not in accordance with their educational background and experience.” (Interview on April 29, 2021).

Threats that are owned by the Office of Small/Micro Business and Industry are the low entrepreneurial spirit, the existence of modern retail and locations that are difficult to reach. This information was obtained by the researchers based on interviews with the Head of Cooperatives and SMEs, Mr. Akhmad Hairani as follows:

“The entrepreneurial spirit is low, so training is needed to find the mental or business spirit, the location is difficult to reach” Business is often used as a sideline so it is not focused.” (Interview on April 29, 2021).

The next threat is the presence of similar products from outside the region. This research was obtained based on an interview with the Chairman of the Local Economic Development Forum (FEDEP) Mr. Saiful Arif as follows:

"Now other regions are targeting processing rich balangan as well, such as branding mandai products. So we have to improve the quality of our products and packaging, which are still minimal.” (Interview on 5th May 2021).

The next threat is limited capital and raw materials. This information was obtained by researchers based on interviews with the owner of the "Anita Permata" Honey business, Mrs. Anita Permata as follows:

"In the worst case, if it is rich in honey, the raw materials are in the forest, so the mines should not enter the forest. This honey needs to be stocked so it needs capital to stock it. Besides that, covid 19 is also a threat because people's purchasing power is low, turnover has fallen by 50%." (Interview on April 27, 2021).

Based on the results of interviews with informants at the Office of Cooperatives, Small/Micro Business and Industry and to MSME actors in the food sector and institutions related to MSMEs, the authors can conclude that the threats that exist in the Office of Cooperatives, Small/Micro Business and Industry:

- 1) There is a Budget Reduction
- 2) Placement of Apparatus HR that is not in accordance with competence and experience
- 3) Covid 19 pandemic
- 4) Hard-to-reach locations
- 5) Low entrepreneurial spirit
- 6) Limited capital and raw materials
- 7) The existence of similar products from outside the region
- 8) Business is often used as a side

Policies in Empowering MSMEs in the Food Sector

Implementation of the Balangan Regency Government Policy in empowering MSMEs carried out by the Cooperatives, Small/Micro Business and Industry Service including Implementing business and entrepreneurship training and guidance packages, Facilitating MSMEs to improve institutional quality and development of innovation and capital, Increasing product competitiveness by utilizing appropriate technology Uses that are environmentally sound and facilitate the growth and development of MSMEs that are independent, tough and competitive are not optimal, this can be seen from the number of coaching carried out in 2019 which was only 20 MSMEs. fostered by the Cooperatives, Small/Micro Business and Industry Office in 2019 was only 0.62%. This is of course inseparable from the weakness factors that exist in the Office of Cooperatives, Small/Micro Business and Industry currently based on interviews conducted by researchers to employees of the Cooperatives, Small/Micro Business and Industry Offices such as the lack of facilities and infrastructure, budget constraints, lack of the support of other SKPD, the lack of human resources owned and the lack of monitoring and guidance carried out. This of course must be addressed immediately so that existing MSME actors are able to be independent and compete with products from outside the region.

CONCLUSION

Based on the results of the research that has been described using SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) and the 5P empowerment approach (Opportunities, Strengthening, Protection, Support and Maintenance) it can be concluded about the Barriers and

Challenges in implementing the empowerment of MSMEs in the food sector and strategies for empowering MSMEs food sector by the Department of Cooperatives, Small/Micro and Industry of Balangan Regency. Based on the SWOT analysis, the strategy for empowering Micro, Small and Medium Enterprises (MSMEs) in the Food Sector carried out by the Department of Cooperatives, Small/Micro Business and Industry has not been optimal, resulting in MSME products in the food sector having difficulty competing with products outside the region. Inhibiting factors include unprofessional management, limited capital, unqualified product quality, relatively expensive product prices, and unattractive product packaging designs. The challenges experienced include budget reductions, placement of human resources for personnel who are not in accordance with competence, the Covid-19 pandemic, locations that are difficult to reach, limited capital and raw materials, low entrepreneurial spirit, competition for similar products from outside the region, and often used as side businesses.

REFERENCE

- Dewayanti, R. & Chotim, E. E. (2004). *Marjinalisasi dan Eksploitasi Perempuan*. Surabaya: Lemlit Unair.
- Dinas Koperasi, Usaha Kecil/Mikro dan Perindustrian Kabupaten Balangan. (2018). Laporan Kinerja Instansi Pemerintah.
- Dinas Koperasi, Usaha Kecil/Mikro dan Perindustrian Kabupaten Balangan. (2019). Buku Data Usaha Mikro, Kecil dan Menengah.
- Hubeis. (2015). Strategi Pengembangan UMKM Pangan Yang Berdaya Saing di Indonesia. *Jurnal Ekonomi dan Manajemen Vol. I*: 126-143.
- Rangkuti, Freddy. (2017). *Analisis SWOT Teknik Membedah Kasus Bisnis Cetakan Keduapuluh Tiga*. Jakarta: PT Gramedia Pustaka Utama.
- Siagian, P. Sondang. (2007). *Administrasi Pembangunan*. Jakarta: PT. Bumi Aksara.
- Suharto, Edi. (2017). *Membangun masyarakat memberdayakan rakyat*. Bandung: Refika Aditama.
- Sumodiningrat. Gunawan dan Ari Wulandari. (2015). *Menuju ekonomi berdikari: Pemberdayaan UMKM dengan Konsep OPOP-OVOP-OVOC*. Yogyakarta: Media Pressindo.
- Sutarto, Joko. (2007). *Pendidikan Non formal Konsep Dasar, Proses Pembelajaran & Pemberdayaan Masyarakat*. Semarang: Unnes Press.
- Syafari, M. R. (2017). Pemberdayaan masyarakat sekitar tambang batu bara melalui dana corporate social responsibility oleh pemerintah kabupaten Tabalong Kalimantan Selatan. *Doctoral Dissertation*. Universitas Padjadjaran.
- Theresia, Aprilia. (2015). *Pembangunan Berbasis Masyarakat*. Bandung: Alfabeta.
- Tikson, T. D. (2005). *Administrasi Pembangunan*. Gemilang: Makassar.