

A central graphic featuring the letters 'AI' in a bold, white, sans-serif font. The letters are set against a background of a glowing blue and green network of nodes and lines, resembling a neural network or data flow. This central image is framed by a large, stylized blue diamond shape with a white outline. The background of the entire page is a light yellow color with faint geometric patterns.

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# Empowerment of Small and Medium Micro Business Cooperatives (Smmbc) Indonesian Kediri City Government

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**ABSTRACT:** In 2018, the contribution of MSMEs to the national economy was 99.99% of the total business practitioners, 97% of labor absorption, 57.24% of GDP contribution. In Kediri city in 2019, the contribution of MSMEs to GDP with the tobacco industry growing 5.14%, without the tobacco industry was 7.02%. MSMEs have a positive impact by continually reducing the number of open unemployment, 2014 (8%) and 2019 (3.63%). The turn down in the open unemployment rate has an impact on reducing the poverty rate to 7.68%. The purpose of this study is to describe the empowerment of SMMBC of the City Government of Kediri. Qualitative research approach, qualitative descriptive methods, human research instruments, informants through snowballing sampling and key informants, triangulation data collection techniques, data analysis techniques: data collection, data reduction and conclusions.

The results of the study, Kediri Mayor Regulation Number 59 2009 concerning SMMBC empowerment which was strengthened by Kediri City Regional Regulation Number 7 2019 concerning Micro Business Empowerment Article 11 through revolving capital strengthening loans (revolving capital), Article 16 marketing facilities (exhibitions) and Article 19 quality improvement human resources (training and comparative studies). It is hoped that by enrolling this program, SMMBC will be able to act as a strong and independent business entity, have competitiveness, improve the regional economy and contribute to the national economy.

**KEYWORDS:** MSMEs, revolving capital, exhibition, training, comparative study

## I. INTRODUCTION

In 2018, the contribution of MSMEs to the national economy was 99.99% of the total business practitioners, employment was 97% and the contribution to GDP was 57.24% (Ministry of SMMBC/CBS, 2019). In City of Kediri in 2019, the contribution of MSMEs viewed from GDP with the tobacco industry grew 5.14% while without the tobacco industry it was 7.02%. MSMEs also had a positive impact by further reducing the number of open unemployment. In 2014, the unemployment rate was 8% and now in 2019 it is 3.63%. The decline of open unemployment rate also had an impact on reducing the poverty rate to 7.68% (Antaraneews.com, 2019).

Data from Central Bureau of Statistics (CBS) which surveyed of the five-year period 2014-2018 places the City of Kediri in the 3<sup>rd</sup> richest Regency/City in Indonesia with a GRDP of IDR. 291.48 million per capita, up from rank 6 in 2010-2014, which was IDR. 242.83. Million percapita. The increase in GRDP was not only from the tobacco industry but also from the Micro, Small and Medium Enterprises sector.

The number of secondary business fields in Kediri City reaches more than 80%, the highest in East Java. One of the factors that drive is the Community Empowerment Program or well-known as Prodamas which provides funds of IDR 50 million per neighborhood per year since 2014 while starting from 2020 its name has changed to Prodamas Plus by providing funds of IDR 100 million per neighborhood per year. The target of Prodamas is the construction of infrastructure, social and economic facilities, and while for Prodamas Plus it is for the development of human resources, education, health, youth and the environment. In addition, the Department of Industry, Cooperatives and MSMEs also hold entrepreneurship and skills training to strengthen the management of MSMEs (Liputan 6, 2020).

As MSMEs has the large contribution for the national economy and Kediri City that empowerment efforts are needed so that they are stronger and tougher in the midst of a recessionary economy, especially during the pandemic.

Empowerment is defined as an effort to provide power or strengthening to the community, while community empowerment is defined as the ability of individuals who combine with the community in building the empowerment of the community concerned. So, empowerment can be equated with gaining power and access to resources to earn a living. Access to resources likes access to technology, human resources, capital, markets, networking and others. Empowerment includes: 1) enabling an atmosphere or climate that allows the potential of the community to develop, 2) strengthening the potential or power of the community (empowering). 3) empowering means protecting, providing protection for the weak and less empowered (Mardikanto, 2010:36).

Micro, Small and Medium Enterprises are business groups that have characteristics such as limited capital, limited market, managed by human resources with limited quality, limited access to banking, limited networking and others so that their development is not optimal. As the data described above shows that MSMEs have an extraordinary contribution to the national and regional economy, likes the large number of MSMEs, high employment and high contribution to GDP and GRDP, therefore MSMEs must be empowered. Many parties have the responsibility to empower MSMEs including the central government, local governments, state-owned enterprises, private companies and others.

Empowerment of MSMEs that have been managed by the central government, one of them is by offering KUR (People's Business Credit) with a very competitive interest rate of 6% per year. Beside, the central government has distributed working capital assistance of IDR. 2.4 million per business unit during the pandemic

Local governments, both provincial and municipal/city governments through the services of Cooperatives and SMEs, the industry and district/city governments through the economy department, have also empowered MSMEs through training, comparative studies, revolving capital, exhibitions and various forms of others assistance.

Empowerment by State-Owned Enterprises (SOE) is conducted out through the Partnership and Community Development Program, hereinafter referred to CDP. It is a program for empowering the social condition of the

community by SOE through the use of funds from the profit share of the SOE.

Empowerment by private companies is conducted through Company Social Responsibility, hereinafter abbreviated as CSR, is a program for empowering the social condition of the community by private companies whose funding sources are taken into account and must be budgeted. It is hoped that by empowering of various parties, MSMEs can increase their business scale and can overcome classic problems such as lack of working capital, lack of access to markets, lack of access to banking, increased networking and others. So that MSMEs are truly able to prosper the community and become the breadwinner of the regional and national economy.

This study is aimed to describe the empowerment that has been arranged by the Kediri City Government towards SMMBC in the form of revolving capital, exhibitions, training and comparative studies.

## II. RESEARCH METHODOLOGY

### Research Design

#### 1. Determining Research Topic

Starting by determining the problems obtained from field observations and literature studies regarding the empowerment of MSMEs in Kediri City, the Kediri City Government has empowered MSMEs in the City area such as training, revolving capital, comparative studies, exhibitions and other forms of MSME assistance.

#### 2. Determining research questions and research objects

From the research topic, the problem formulation is formulated. It is how to describe the empowerment that has been carried out by the Kediri City Government towards MSMEs in the form of revolving capital, exhibitions, training and comparative studies.

#### 3. Preliminary Literature Study

In the preliminary literature study, the theories, concepts, models of MSME empowerment and various MSME empowerment policies were studied, and research approaches and methods appropriate for research were studied.

#### 4. Defining and developing a research model

In this study, the research model used is a qualitative approach and a qualitative descriptive design research method (exploration).

The pilot study was used to analyze, evaluate and rearrange the interview questions. This is done by conducting several interviews or trial interviews

#### 6. Confirming research questions

From the results of the pilot study, research questions can be reviewed and research questions can be changed and adapted to field conditions if necessary.

7. Arranging interview questions and guides, observation guides and guidelines for collecting documentation methods.

The next step after getting the evaluated questions, it is important to prepare research questions and be equipped with observation guidelines and data collection guidelines through documentation (triangulation).

8. Collecting primary and secondary data  
 Primary data obtained from interviews, and observations. Selection of informants is using snowball sampling and key informants. Secondary data was obtained through documentation at the Department of Cultural Tourism, youth and sports, the Department of Cooperatives and MSMEs, the Department of Industry, the economy division of the Kediri City Government, print mass media and internet media and SMEs.

The research design can be seen in the figure below:

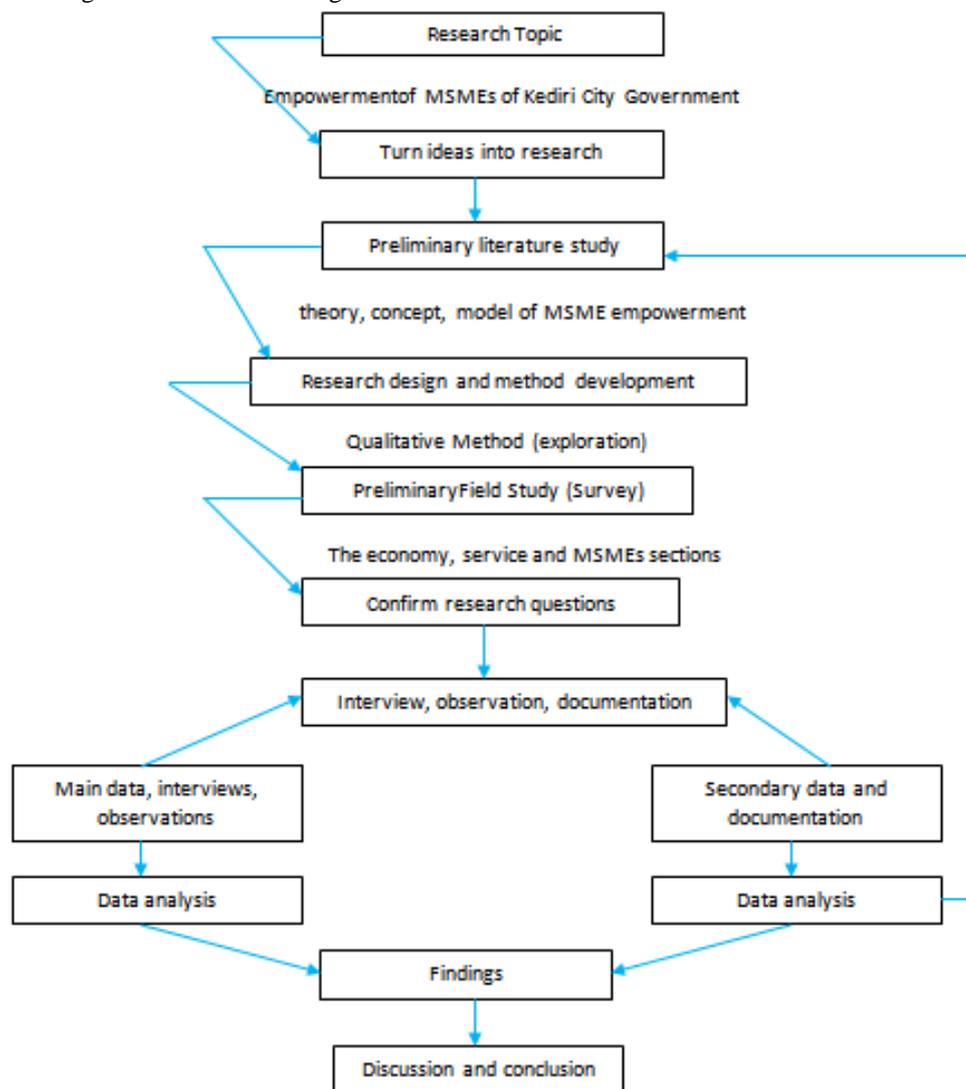


Figure 1: Adaptation research design from (Simatupang, Yudoko, Handayati, Pascasuseno, Permadi, Listiani, 2009)

### III. RESEARCH FINDINGS

#### Revolving Capital

The Kediri City Regulation Number 4 of 2009 and the Mayor of Kediri Regulation Number 59 of 2009 which is strengthened by the Kediri City Regulation Number 7 of 2019 concerning the Empowerment of Micro Enterprises Article 11 states that the empowerment program for Cooperatives and Micro, Small and Medium Enterprises (SMMBC) is a series of activities managed by the Kediri City Government in the form of a revolving pattern of capital strengthening loans (revolving capital) for SMMBC in Kediri City to be able to play a role as a strong and independent business entity, have competitiveness, increase income and be able to develop their business (Kediri City Regional Regulation Number 4 of 2009, Regulation of the Mayor of Kediri Number 59 of 2009 and Regional Regulation of the City of Kediri Number 7 of 2019).

The Revolving Pattern Capital Strengthening Loan Fund for SMMBC is derived from Regional Government equity Capital funds through the SMMBC Empowerment Program, which is loaned for a certain period of time to meet SMMBC's capital needs for business development and subsequently rolled out to other SMMBC business practitioner.

The equity capital of the Kediri City Government is the transfer of ownership of regional assets which were originally assets that were not separated into assets that were not separated to be calculated as regional capital/shares through the Empowerment Program of SMMBC in the City of Kediri.

A new revolving fund is a revolving fund originating from principal installments paid by the community of SMMBC practitioners as program participants from the revolving fund loan received, to be rolled out to its members as well as to other SMMBC community practitioners who have met the requirements in accordance to applicable regulations.

The transfer of revolving funds is revolving funds from the community of SMMBC practitioners as program participants whose performance is low to other SMMBC practitioners which meet the requirements accordance to applicable regulations.

Revolving Fund restructuring is the improvement of SMMBC practitioners whose performance is low or according to the Implementation Bank's Assessment is classified as non-performing loans to be restructured/restored by receiving guidance as the first step.

Examples of revolving capital model empowerment:

NAME OF ENTREPRISES : EMKA JAYA  
 OWNER : MUH MAHRUS KURSIN  
 ADDRESS/CONTACT: Jl. KH. Agus Salim V/06 Bandar Kidul Kec. Mojoroto Kota Kediri/081234155177, 085706753358  
 LOAN AMOUNT : IDR 20.000.000  
 BUSINESS : CONVECTION

| NO. | BEFORE CAPITAL LOAN COMPONENT | AMOUNT | AFTER CAPITAL LOAN COMPONENT                           | AMOUNT           |
|-----|-------------------------------|--------|--|------------------|
| 1.  | ALLOCATION OF LOANS           |        |  | IDR 2.500.000    |
|     |                               |        | PURCHASE OF OVERLOCK MACHINE, PRODUCTION SITE BUILDING | IDR 50.000.000   |
| 2.  | PRODUCTION FACILITY           | 200    | OFF T-shirt/FABRIC, DECK, ROOL BIS FOR T-shirt/FABRIC  | 400PIECES        |
| 3.  | PRODUCTION                    | PIECES | MONTHLY  |                  |
| 4.  | ITEM PRODUK                   |        | VEIL, T-shirt, KOPIAH, HAT, SPECIAL UNIFORM            |                  |
| 5.  | SELLING                       |        | MONTHLY  | IDR 15.000.000 – |

|    |                               |   |  |  |
|----|-------------------------------|---|--|--|
| 6. | PROFIT                        |   | MONTHLY  | IDR 20.000.000<br>IDR 2.000.000 –<br>IDR 3.000.000 |
|    |                               |   | OBRAS KAOS/KAIN, DEK,<br>ROOL BIS KAOS/KAIN                      | IDR 50.000.000                                     |
| 7. | FIXED PRICE                   |   | OVERLOCKING T-<br>shirt/FABRIC, DECK, ROOL<br>BIS T-shirt/FABRIC |  |
| 8. | EMPLOYEES                     | 2 |  | 4  |
| 9. | BUSINESS STATUS:<br>DEVELOPED |   |  |  |

This business is engaged in convection, this business produces various kinds of school uniforms, hijabs, t-shirts, caps, hats and others. This business is named EMKA JAYA which is owned by Mr. MuhMahrusKursin. It is located at AgusSalim Street V/06 Bandar Kidul and it is a home industry. Production based on orders with customers of schools, Islamic Boarding School, government and private agencies. To meet the increasing demand, the owner applied a revolving capital loan and used it for the purchase of overlocking machines and production buildings. With the addition of these production equipments, the production capacity increased from 200 pieces per month to 400 pieces, an increase of 100% from before making a loan. Monthly sales reach IDR 15,000,000 – IDR 20,000,000 with a profit of around 30% gross or net profit between IDR 2,000,000 to IDR 3,000,000.

Production equipment owned is an overlock machine for t-shirts and fabrics, a bis roll deck for t-shirts and fabrics with a value of IDR.50.000.000. The production workforce owned is 4 employees; add from 2 people before making loans. The owner has plans to increase production capacity and add various types of products accordance to consumer demand. For this reason, the effort made is to enlarge the marketing network not only to the local market of Kediri and East Java but also to outside Java. Because this business is the breadwinner of the family, the owner tries hard to develop this business and is supported by his wife who helps manage the business, especially from financial administration records. This business has prospects for development.

#### Exhibition

Kediri City Regional Regulation Number 7 of 2019 concerning Micro Business Empowerment Article 16 concerning Facilitation of micro business development by Regional Governments is arranged in the fields of: a.

production and processing; b. marketing; c. capacity building of human resources; and d. design and technology.

Article 18 about development of micro-enterprises in the marketing sector is arranged by: a. conducting research and marketing assessments; b. disseminating market information; c. conducting management training and marketing techniques; d. providing marketing facilities which include conducting market trials, marketing institutions, providing trading houses and promotions; and e. providing product promotion support, marketing network, and distribution. f. providing incentives; g. establishing of micro business centers; h. marketing facilitation for micro-enterprises development; and i. facilitating market trials for micro-enterprises development in tourism, hospitality, shopping centers and modern shops.

The MSME exhibitions conducted by the Kediri City Government are:

1. In 2016 at Brawijaya Stadium with the theme “RomansaKediriku” was one of a series of activities for the 1137th anniversary of Kediri City featuring advanced products and SMEs of the Kediri City. Creative products from other regions were also presented as they were invited to hold an exhibition booth. The purpose of this activity was to make people realize the harmonization so that Kediri becomes a prosperous city and is able to create a creative economy and advanced products.
2. In 2017 as a part of the 1,138th anniversary of Kediri City, a creative economy exhibition and job fair were held at Joyoboyo Sports Hall, ProdamaExpo at Gajah Mada Field, Kediri Masterpiece Festival at Memorial Park and Kediri Car Free Night. LabuhBumi on the banks of the Brantas River, Whip Festival at Joyoboyo Sports Center, Shalawat with HabibSyech at Brawijaya Stadium and a Kris and Fine arts exhibition at Kediri Town

- Square. Other activity agendas in creativity like singing birds competitions, archery, Kediri Scoter Festival, Nite Carnival, and Drum Band. It was hoped that these activities can drive the community's economy and unite to build the Kediri City.
3. In 2018 as a part of the 1,139th anniversary of the Kediri City, one of the ways that the Government of Kediri city in improving the economy was by holding MSME exhibitions and job fairs. The event with the theme "Kediri Creative Exhibition" was held at JL. BasukiRahmat right in front of the Kediri City Hall. A total of 180 MSMEs from various regions came to showcase their products to visitors. The purpose of this activity was beside to promoting creative and advanced products, it also to attract tourists to visit Kediri city. So, it was also to increase regional income and improve the economy of the Kediri city.
  4. In 2019, the Kediri City Government held a MSMEs exhibition with the theme "Ekonomi Kreatif dan Eksotika Budaya 2019 (Creative Economy and Cultural Exotics 2019)" which was held 18 – 31 March 2019 at Kediri Town Square. By holding exhibition at the shopping center, it is hoped that MSME products will be better known to the public from various circles. SMEs were also expected to grow well and be able to drive the economy of Kediri City and its surroundings.
  5. In July 2020 in order to accelerate the recovery of MSMEs performance in the City of Kediri, the City Government of Kediri in collaboration with the Kediri City Chamber of Commerce and Industry or commonly called Kadin and Indonesia Bank of Kediri Representatives held the MSME Virtual Expo 2020. The MSME product exhibition which was held virtually was attended by around 300 MSMEs from 13 regencies/cities throughout East Java which were engaged in various sectors, including MSMEs of fashions, food and beverage, footwear and so on. Unlike an exhibition during normal conditions, the MSME Virtual Expo was designed according to health protocols. The number of visitors was limited and payments were done digitally. This exhibition could also be watched through three channels as the followings: YouTube, Website and android application with 3D technology. This exhibition was to increase MSMEs sales access during the pandemic so it could improve MSMEs' performance. In addition, to create public accessibility to get MSMEs products and accelerate the digitization of MSMEs, the MSMEs Virtual Expo 2020 would not only be functional during exhibitions but will also be a stall that was connected to the market place. With this effort, it was hoped that the impact of the pandemic on the declining performance of MSMEs could be suppressed because the market in the online world was very large.
  6. In mid-October 2020, the Kediri City Government held an exhibition of processed fish products by inviting MSMEs owners in Kediri City as part of a campaign "Like Eating Fish", especially in the Covid-19 pandemic. It is because during the Covid-19 pandemic, consumption of fishery products, especially fish, decreased, not only in Kediri City, but also in all regions in East Java. It is hoped that this exhibition can increase fish consumption because the nutritional content of fish is very good for the body, especially for children. Parents could allocate family finances to buy fishes for the family. This exhibition was held at a shopping center in Kediri City, followed by a number of MSMEs whose products were made from processed raw fish, wet or dry, but the majority of MSME products exhibited were in the form of dried products such as shredded catfish, eel sticks, fish chips and other products. Exhibitors also applied strict health protocols due to the Covid-19 pandemic.
  7. In November 2020, the Kediri City Government held a MSMEs exhibition with the theme "Glerr UMKM Kota Kediri" which took place at Kediri Town Square, Kediri City. This exhibition was attended by 18 handicraft businesses, 16 ornamental plant businesses, and 10 ornamental fish businesses which took place on 18 – 22 November 2020. This time, the exhibition was held in collaboration with Department of Industry and Commerce, Ministry of Agriculture and Food Security, Department of Public Works, Kediri Town Square, and Jatim Bank. The purpose of this exhibition was to stimulate the economy,

especially in the MSMEs sector that has been affected by the Covid-19 pandemic. Indonesia's economy experienced negative growth, as well as the Kediri city. However, the Kediri city is one of those that are not too decreasing in terms of growth. Therefore, an exhibition like this would regenerate the market so that people start shopping and money circulating eventually.

### Training and Comparative Study

Regional Regulation of Kediri city Number 7 of 2019 concerning Empowerment of Micro Enterprises Article 19 Increasing the capacity of human resources is arranged by: a. promote and cultivate entrepreneurship; b. improve technical and managerial skills; c. provide various trainings, workshops and business management guidance; and d. establish and develop educational and training institutions, counseling, motivation and business creativity, as well as the creation of new entrepreneurs. The training and comparative studies conducted by the Kediri City Government include:

1. In October 2014, through the Cooperatives and MSMEs Service, the city government provided guidance and training in convection business management for 25 residents of the former Semampir localization located in the MSMEs Clinic Building of the Kediri City Cooperative and MSMEs Service. The purpose of this activity was to improve business skills and abilities, open productive business opportunities for ex-localization as a tourism destination in the convection field in Kediri City. Guidance and training in the form of sewing, pattern making, fabric cutting, sewing, typing, to sewing as a whole. The participants did not only get material in the form of theory and practice but also undergo an internship for 10 days at the Tulungagung convention center. After participating in the training, the residents of the ex-localization of Semampir received assistance and received a grant of 26 sets of convection tools prepared by the Department of Cooperatives and SMEs of Kediri City as a provision to start a business in the convection field.

This training was a commitment of the Kediri City Government as an effort to eradicate the ex-localization of Semampir and was expected to be able to change the paradigm towards independence by opening new businesses to create new jobs. It was hoped that with the spirit of guidance and training, this became a strategic momentum for entrepreneurship and

could play a role in advancing the economy of the Kediri city.

2. In May 2015, the City Government of Kediri through the Department of Cooperatives and MSMEs held MSMEs entrepreneurship training which took place at the MSMEs clinic. This training was attended by 40 SMEs of food and beverage sector. The purpose of this training was to improve knowledge and skills to change the mindset of MSMEs to become middle to upper-class businesses, strengthen MSMEs in the 2015 ASEAN Economic Community and improved product quality and competitiveness.

The participants were given materials to prepare them to develop their business. The materials in this training consist of ESQ which aims to change the mindset of MSMEs practitioners. Participants were given packaging skills to increase product sales, standardize food hygiene to improve hygiene in the products sold. Meanwhile, Halal standardization aims to ensure Halal food and packaging, because most of the population in Indonesia is Muslim, increasing offline and online marketing knowledge.

The speakers in this training consisted of the ESQ Team from Surabaya, Technical Service Unit of Food and Beverage Department of Industry and Trade of East Java Province, Health Office of Kediri City, NU, and the Chamber of Commerce and Industry of Kediri City.

3. In 2016, the Government of Kediri participated in INACRAFT, a prestigious international event, which showcases domestic products held from 20-24 April 2016 in Jakarta. The city of Kediri was represented by Mr. Eko Hariyanto as Chairman of the KUB Weaving Ikat Bandar together with entrepreneurs from all representatives of other regions in Indonesia who have advanced products. The purpose of this exhibition was to promote Bandar Kidul Weaving to visitors from various countries, as well as to start the Bandar Kidul Weaving of Kediri City Goes International.
4. The 2018 Work Program implemented in 2019 by Kediri City Government were through the Cooperatives, Micro Enterprises and Labor Office held a 2019 Autonomous Training of automotive, garment, culinary, beauty, informatics, graphic design, handicrafts, embroidery, driving materials. A total of 350 residents of Kediri participated in this training. The first day of training was held at Bence with culinary and make-up training in Pakelan,

the second day of sewing training at Bujel and embroidery at Tamanan, 60 participants participated in each field and lasted 20 days. The purpose of this training was not only to improve skills but also to take advantage of opportunities to open a business, increase income, reduce unemployment and improve the regional economy.

5. In August 2020, the Kediri City Government represented by the Kediri City Chamber of Commerce and Industry in collaboration with Mandiri bank of Kediri formed a memorandum of understanding containing credit distribution in the context of the National Economic Recovery (PEN) acceleration program for the Micro Productive or commonly known as KUM/KUR segment including reducing the impact of Covid-19. Mandiribank did not only provide capital loans to MSMEs in the form of Micro Business Loans (KUM) and People's Business Credit (KUR), but also helped improve skills and performance in a sustainable manner. The collaboration was managed to revive MSMEs that had fallen due to the impact of the pandemic.

As a follow-up to this collaboration, Mandiri Bank through the SOE House held training for MSME practitioners assisted by the Kediri City Chamber of Commerce and Industry, which was attended by 15 participants with the theme "Digital Marketing & Product Packaging". It took place in the meeting room of the Kediri Hotel. On this occasion, Mandiri bank also collaborated with Shopee Indonesia to assist MSMEs in optimizing sales turnover through digital technology and providing product packaging training. The goal was that MSMEs can improve their skills in packaging products so that they could compete in both the local market and the export market.

6. In September 2020, the Kediri City Government through the Kediri City Department of Commerce and Industry provided Kediri City MSME owners with photo training using cell phones to help promoting. The training materials were product photo workshops, social media marketing and marketplace marketing. This training was the Kediri Sale 2020 MSME Mall program which was held in collaboration between the Kediri City Government and Tokopedia. The materials provided include lighting techniques, selection of supporting properties, photo editing for a better visual appearance.
7. In November 2020, the Kediri City Government through the Cooperatives, Micro Enterprises and Labor Office in collaboration

with the Kusuma Training Institute, known as LPK, of Kediri City conducted a culinary training for workers who were fired as a provision of skills to open a business. The training was held at LPK Kusuma, Betet Village, Kediri City for 20 days and was free. The participants were given material about making various cakes such as buns and foods that can be sold in frozen form. It was hoped that this training can broaden participants' knowledge and use skill as a provision to open new businesses, especially during the Covid-19 pandemic.

8. In November 2020, the Kediri City Government through the Office of Cooperatives, Micro Enterprises and Labor or called Dinkop UMTK held a Barista training for 20 days starting on November 11, 2020. This training was held at the Kediri City "Progress" Training Institute and was attended by 60 participants; all of them were residents Kediri City. A barista is a person whose job is to mix and serve coffee drinks to customers. This training aimed to produce experts in the field of coffee services in Kediri city as well as equip the skills of the workforce so that they did not look for work but could open up job opportunities for themselves and others.
9. In 2015, the City Government of Kediri through the Department of Industry, Trade, Mining and Energy and the National Craft Council of Kediri city conducted a comparative study and visited the ATBM Weaving Center located in TarogongKidul District, Garut Regency. This comparative study was one of the efforts of the Kediri City Government in developing the Kediri City Weaving Ikat Village. The results of the visit to the embroidery center became a learning material for IKM KampungIkat Bandar Weaving Industry. It was hoped that this comparative study would become a learning medium for the weaving industry practitioners in improving the quality and increasing the quantity of production.
10. In 2016, Indonesia Bank of Kediri Representatives supported the Bandar Kidullkat Weaving Center in Kediri City by providing 24 units of Non-Machine Weaving Equipment and held comparative study activities in Yogyakarta and Bandung (Kediri Ikat Weaving, 2016).

#### IV. DISCUSSION

##### Revolving Capital

This research test hypotheses is there a positive influence and significant between the provision of capital revolving on the increase in the development of cooperatives, micro business, small and medium enterprises (MSMEs). There is one free variable free named capital rolling and one variable bound to increase the the development (MSMEs). The results of the hypothesis show there is a positive influence between the provision of capital revolving on the increase in the development of MSMEs. it means the higher capital revolving increase the development of MSMEs but influence was not significant. it means there are still many other variables that affect the increase in the development of MSMEs such as: 1) education and training; 2) the bracing of capital; 3) the guidance of management and the development of technology; 4) product marketing; 5) the facility of the organization activity between MSMEs and other business entities; 6) protection and the provision of legal law for development business done by cooperative; 7) facilitation of intellectual officer to produce the rights issue of intellectual; 8) The provision of the facility of the organization activities for MSMEs (Muchson, 2019).

So, the empowerment of cooperatives and MSMEs arranged by local governments, communities, the business and educational institutions as well as Indonesian Cooperative Board or Dekopinda must be comprehensive or complete covering the eight empowerment components mentioned above, even though the implementation is arranged in synergy by involving these stakeholders for the development of Cooperatives and MSMEs.

### **Exhibition**

The role of the Cooperatives and SMEs Service in empowering Small and Medium Enterprises in the Java Village, Samarinda Ulu District in increasing market access was delivered through promotional activities in the form of organizing SME results exhibitions called EXPO by providing facilities and infrastructure in the form of facilitation of licensing, places and preparing all needs during exhibition activities took place. This SME product exhibition is held every 2 years and attended by participants from Jawa Ulu Village and other previously registered SME practitioners. In an attempt to increase market access, which is carried out through promotional activities in the form of organizing SME results exhibitions; it shows that SMEs in Samarinda City, especially in Java Village, experiences increased performance (Ibrahim, 2016).

Exhibitions can improve MSME performance because:

1. Introducing the product to the public/consumers/prospective consumers
2. Improving access to local/regional/national/international markets
3. Increase sales transactions
4. Expanding marketing network
5. Improve networking of end consumers, producers, private agencies, government and others.

### **Training and Comparative Study**

#### **Training**

The results of the study empirically prove that there is a positive and significant influence of empowerment and training on the performance of MSMEs practitioners assisted by the Maluku Province SMMBC Integrated Business Service Center in Ambon City. This means that to get the maximum performance of business practitioners, partial and simultaneous empowerment and adequate training are needed (Wattiheluw, 2019).

Training can improve MSMEs performance because:

1. Improving the quality of human resources so they could improve product quality and product packaging.
2. Improving the quality of human resources so they could increase product variety and differentiation.
3. Improving the quality of human resources so as they could improve basic and advanced skills so as that they could increase competence.
4. Improving the quality of human resources so they could improve entrepreneurial management such as production management, marketing management and financial management.
5. Able to understand and manage business legalities such as Certificate of Company Registration known as TDP and business license known as SIUP as well as administering Agency for Drug and Food Control or BPOM and halal certification.

#### **Comparative Study**

The results showed that there were efforts to develop teak wood handicraft SMEs, likes: 1) development efforts from the production aspect were the provision of production equipment assistance by local governments and product innovation, 2) development efforts from the marketing aspect were the procurement of exhibitions, comparative study activities, procurement wood fair activities and marketing through the internet (Daroin, 2015).

Comparative Studies can improve the performance of SMEs because:

1. Adding insight, knowledge and skills from capable persons at the comparative study site.
2. Studying product innovation and product differentiation at the comparative study site to be applied in their respective places.
3. Studying technological aspects, both production technology and marketing technology at the comparative study site so that it can be applied in their respective places.
4. Study the management aspects of entrepreneurship so that they are able to apply modern management in their respective places.
5. Increase cooperation in an effort to expand networking to help increase business scale.

Agyapong (2010) however, from the received literature small businesses play key role in the creating job (especially female employment), contribute to tax, export and import revenues, facilitate the distribution of goods, contribute to human resource development and are the cradle of innovations and entrepreneurship. MSMEs in Ghana are found in the fields of farming, fishing, small scale mining, restaurants, food processing and other services. It was recommended to government and policy makers to institut viable credit support and non-financial business support services to help MSMEs grow.

Abbott, Tarp (2012) examination of economic performance and policy responses shows rising dependence on foreign finance around each crisis, and actions by the government to counteract that dependence and bolster the domestic economy while continuing to restructure the economy toward greater emphasis on the private sector. Growth, employment and poverty alleviation have been maintained at the expense of renewed inflation, larger budget deficits, and currency depreciation.

Saharudin, Nazaki, Handrisal (2018) facilitation of local governments in developing MSMEs are: 1) People's Business Credit (KUR), 2) Revolving funds, 3) Business equipment assistance, 4) BE-CRAF workshops, 5) business capacity building seminars, 6) training of quality control groups/Quality Control Management, 7) SME Bazaar. The role of local governments as facilitators is expected to develop MSMEs as pillars of the regional and national economy.

Anam, Sulistyowati (2019) The role of the Jepara Regency government in developing MSMEs as a facilitator was shown by followings programs: 1) facilitation of regional advanced product exhibitions, 2) facilitation of halal certificates, 3) packaging training, 4) marketing training through e-commerce for small business practitioners, 5)

skills training and development of MSMEs product design with the facilitation from the government for the development of MSMEs, hoped that the performance of MSMEs can increase and contribute to the regional economy.

Alves, Lok, Luo, Hao (2020) the strategies adopted by small firms include flexible human resource (HR) practise, cost reduction, enhancing customer relations, and using government support schemes. These strategies are effective in the short term; firms need to pay attention to diversity and learning for the long term.

Analia, Syaikat, Fauzi, Rustiadi (2020) the results show that social capital improves the performance of SME snack businesses. Thus, social capital consisting of trust, networks, and norms has a significant influence on the performance of small micro enterprises in terms of the output produced, internal processes, and resource capabilities. Social capital is given as the form of trust and cooperation between the Kediri City Government and MSMEs, MSMEs networks and the norms or rules set by the Kediri City Government were capable of being run by MSMEs and have a significant influence. Significantly to the performance of MSMEs in terms of output produced, internal processes and resource capabilities so that the support of the Government of Kediri for the empowerment of MSMEs needs to be continuously improved.

Tambunan (2020) in the 1997/98 crisis, replacing imported raw materials with local raw materials was widely adopted. The 2008/09 problem was finding new customers or markets in unaffected countries or switching to the domestic market. While in the case of the Covid-19 crisis, switching temporarily to manufacturing medical devices such as masks and changing the marketing system from conventional to e-commerce are the most widely adopted strategies. For this reason, local governments can empower MSMEs by providing training on conventional marketing systems to online marketing by utilizing various social media features.

## V. CONCLUSION

### Conclusion

The Kediri City Government in an effort to improve the performance of MSMEs involves various parties such as agencies, chamber of commerce, Banking, Indonesia Bank through revolving capital programs, exhibitions, training and comparative studies.

### Suggestion

Empowerment programs by the Kediri City Government need to be improved both in

quality and frequency so that the programs can improve continually the performance of MSMEs and the regional economy which in turn contributes to the national economy.

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