The Empowerment Strategy of Small and Medium Enterprises (UMKM) At the Office of Cooperatives Small and Medium Enterprises, Industry and Trade (KOPERINDAG) in Palopo City

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Abstract – The problem describe in this research in to identify Empowerment Strategy of Small and Medium Enterprises (UMKM) At the Office of Cooperatives Small and Medium Enterprises, Industry and Trade (KOPERINDAG) in Palopo City, Indonesia. The research uses a combined approach between quantitative and qualitative approaches. This research was conducted at the Office of Cooperatives, UMKM, Industry and Trade City Palopo. The total population is 89 people and the number of samples in this study is 47 people. The sampling technique used in this research is by using purposive sampling technique. Survey method using questionnaire instrument will be used to obtain primary data, the strategy of empowering micro, small and medium enterprises by the Office of Koperindag in Palopo City runs very optimal (very good). The strategy that has been formulated has even been implemented as expected. The initial phase research results indicate that overall Koperindag in Palopo City has developed strategy formulation in empowering and developing UMKM through training, counseling and policy. Furthermore, the empowerment strategy undertaken by Koperindag in Palopo City there are inhibiting factors and supporting factors.

Index Terms - Empowerment Strategy, Small and Medium Enterprises, purposive sampling technique, inhibiting factors, and supporting factors.

I. INTRODUCTION

The influence of globalization that swept across the country demands for making the living conditions of a nation's economy must be effective, efficient, and competitive. Industrial development in a country is very supportive of economic growth, so one of the strategies taken by the government is to empower and grow Micro Small and Medium Enterprises (UMKM) as the basis of economic development populist. History shows that UMKM in Indonesia still exist and develop despite the economic crisis that has hit the country since 1997. Data show that the perpetrators of UMKM in Indonesia as much as 57.9 million and its contribution to the GDP as much as 57.93% of total GDP 2014 Rp. 10.4 trillion. While the absorption of labor to 97.30%. (Central Bureau of Statistics, 2014).

However, the development of UMKM in Indonesia is still faced with various problems, in order it caused weak competitiveness toward imported products. The main problems faced by UMKM, such as, limited infrastructure and government access related to licensing and bureaucracy as well as high rates of levies. With all the problems that exist, the potential of large UMKM become obstructed. Although UMKM are said to be able to survive from the global crisis but in fact the problems faced are too much and more severe. This is because apart from indirectly influenced by the global crisis, UMKM must also face domestic problems that are not resolved such as wages, labor and illegal levies, corruption and others (Sudaryanto, Ragimun and Rina Wijayanti, 2014).

Other research results (Nurhajati, 2005) mentioned that the problems faced by UMKM, they are so difficult to develop, such as, inability of management, lack of ability in decision making, lack of experience, and weak financial supervision. Facing the problems of UMKM that have been described above, the government as the state organizer has made various efforts which also shows commitment to improve the performance and competitiveness of Indonesian economy. The commitment is institutionally demonstrated through the establishment of ministries that handle UMKM New Order government era, as well as through some Government issued regulations related to UMKM, the establishment of Chamber of Commerce and Industry (NAD), (Nursalam, 2010).

The above efforts are broadly part of the government's strategy in improving both economy and the welfare of the community. Strategy as a tool used to create and develop resources in achieving organizational goals, therefore the application of the strategy can determine the results to be achieved. The strategy here is a management strategy in empowering UMKM that are more oriented to the development of macro strategy. Seeing the present condition of course the role of all stakeholders in the implementation of the empowerment strategy is expected.

Furthermore, which will be studied more deeply in this research is how the strategy of empowering UMKM in the sector of trade by the Department of UMKM and Cooperatives City Palopo. It is thus based on the assumption that the trade sector has been
growing rapidly by covering almost the entire area of Palopo City. The data shows that there are 4,444 units of MSME in Palopo with details of 3,044 units of Micro, 1,343 Small Business and 57 Medium Enterprises (koperindag.palopokota.go.id).

From the data above can be seen that the development of UMKM in the City of Palopo reached a large number, especially in the type of micro business with numbers above thousand. In addition, these developments have a positive impact on the absorption of labor in the region to reach thousands of people, so this can affect the increase in income per capita community. Other data also indicate the extent to which the level of development of UMKM in the trade sector in Palopo City is considered to grow rapidly than other sectors.

Based on these data can be concluded that the development of UMKM in Palopo City will be interesting things to studied because this field became one of the focus of development by empowering the community. However, there are problems that become obstacles in the development of UMKM in the trade sector, including the marketing mechanisms of products and services produced. It is based on the unstoppable development of modern markets and has a much more innovative strategy than micro, small and medium enterprises. In addition, its presence is able to present the needs of consumers with better facilities, managed with more professional and cheaper prices, feared can affect the role of traditional markets in the community. The results of observations conducted by the authors in the field shows that the existence of traditional markets from one side is much to have shortcomings such as location that sometimes interfere with traffic, slums, less orderly, and others. So it becomes one of the biggest obstacles to the development of UMKM in Palopo City.

In addition, the position of several modern markets and minimarkets located adjacent along the road and adjacent to the traditional market in Palopo City. With the existence of some modern minimarkets that make people's interest to shop to traditional markets began to decrease. Of the few Minimarkets and Supermarkets offering each other a better service than existing traditional markets, in addition to their services also offer a relatively lower price, a variety of goods that many, a convenient shopping place. They try to add facilities and improve the quality of service according to their respective perceptions.

By looking at the background that has been presented about the development of large UMKM is important to be noticed by the government. Given the UMKM trade activity is one of the pillars that support PAD Palopo City. Thus the authors are interested in taking the title of research is "Strategy of Empowerment of Micro, Small, and Medium Enterprises (UMKM) At the Office of Cooperatives, Micro, Small and Medium Enterprises, Industry and Trade in Palopo City"

II. LITERATURE SURVEY

a. Strategy

The strategy was first used in the military world, while the new organization began to adopt it in the mid-60s. One of the reasons why the importance of learning strategy is strategy as a framework (work frame) can be used to solve every problem that exist within an organization or company, especially related to competition. The strategy itself comes from the Greek term, strategos, has a literal meaning "general". Thus, literally also, the strategy is interpreted as the art of warring the generals who lead a war. As Robert Ernest Wood, Sears Board Chairman Roebuck & Co, said, in a way, business or business is a battleground. Chandler (1962) who first defines strategy suggests that strategy is the long-term goal of a company, as well as the utilization and allocation of all the resources necessary to achieve that goal. Learned, Christensen, Andrew, and Guth (1965) argue that strategy is a tool for creating competitive advantage. Thus one strategic focus is to decide whether the business should exist or not exist. Argyris (1985), Mintzberg (1979), Steiner and Miner (1977) suggest strategy as a continuous and adaptive response to external opportunities and threats and internal strengths and weaknesses that can affect the organization.

In principle, strategies can be grouped based on three types of strategies, namely, management strategy, investment strategy and business strategy. Management strategy includes strategies that can be done by management with macro strategy development orientation for example, product development strategy, pricing strategy, acquisition strategy, development strategy markets, financial strategies, and so forth. Investment strategy is an investment-oriented activity. For example, does the firm want to engage in aggressive growth strategies or attempt to penetrate markets, survive strategies, rebuild a new division or divestment strategy, and so on. Business strategy is often called functional business strategy because this strategy is oriented to the functions of management activities, for example, marketing strategy, production or operational strategy, distribution strategy, organizational strategy, and financial related strategies.

Stage formulation or strategy implementation begins by the formulation of vision, mission and values. It then proceeds by determining by analyzing doing the internal and external environment scrutiny. The application to determine the main strategy based on the concept of Fred R. David is done through the use of multiple matrices with three stages of implementation as follows: Stage 1: The Input Stage (input stage) where all the basic information about the internal and external factors of the company needed in formulating the strategy summarized by strategists. This can be done using two strategy formulation techniques, namely: External Factor Evaluation (EFE) Matrix and Internal Factor Evaluation (IFE) Matrix. Stage 2: The Matching Stage (matching stage) is a strategy maker to identify alternative strategies by matching input information in the form of external
and internal factors obtained at the input stage. At this matching stage, identification is done only by using SWOT matrix (Strengths, Weaknesses, Opportunities, and Threat). Stage 3: Decision Stage (continuation stage) is done using Quantitative Strategic Planning Matrix (QSPM). QSPM is a technique that can objectively get alternative prioritized strategies. This method is a tool recommended for strategy experts to evaluate alternative strategic options objectively, based on the key factors of internal-external success previously identified. Conceptually, the purpose of this method is to determine the relative attractiveness of the varied strategies that have been selected, to determine which strategy is best to implement. The main components of QSPM consist of: Key Factors, Strategic Alternatives, Weights, Attractiveness Score (AS), Total Attractiveness Score (TAS), and Sum Attractiveness Score.

b. Empowerment

Etymologically, Empowerment is a translation of the word empowerment, derived from the word empower which contains two meanings: (a) to give power to (give power, divert power or delegate authority on the other side). (b) to give ability to, enable (effort to give ability). Judistira K Garna (2000) suggests the use of the term empowerment and empowering from English Empowerment and empower contains two meanings first sense is ... to give power or authority to and the second meaning means ... to give ability to or enable. In the first sense is defined as giving power, diverting power or delegating authority to another party, while in the second sense as an attempt to provide the ability or empowerment.

Sumodiningrat (1996), points out "There are two mutually related notions of empowerment, undeveloped society as a party to be disbanded, and those who care for the empowerment. "Empowerment-oriented development provides an opportunity for every member of the community to participate in the development process by getting the same opportunity and enjoying the development outcome in their capacity."

Totok and Poerwoko (2013) provide empowerment definition as a process is a series of activities to strengthen and or optimize the empowerment (in terms of ability and or competitive advantage) of weak groups in society, including individuals experiencing poverty problems. As a process, empowerment refers to the ability, to participate to obtain opportunities and or access the resources and services necessary to improve the quality of life (individually, in groups and communities in a broad sense). With such an understanding, empowerment can be defined as a planned process to increase the scale/utility upgrades of empowered objects.

Efforts to empower can be seen from three sides: First, creating a climate atmosphere that enables the potential of developing societies. Secondly, to strengthen the economic potential or power that is owned by the community, the most important effort is to improve the level of education and health degree and access to the sources of economic progress such as capital, technology, employment and market. Third, empowerment through the development of people's economy means preventing and protecting the people from economic inequalities as well as creating togetherness and partnership between the already developed and the underdeveloped.

There are four principles that are often used for the success of the empowerment program is the principle of equality, participation, self-reliance or independence, and sustainable. The principle of equality is the main principle that must be held in the process of community empowerment is the equality or alignment of positions between the community and institutions that conduct programs of community empowerment, both men and women. Principle Participation in the form of a devotional program that can stimulate community self-reliance is a program that is participatory, planned, implemented, supervised, and evaluated by the community. However, to arrive at that level requires time and advisory process that involves a high committed, capable, and or capable person towards community empowerment. The principle of Self-reliance or independence is to appreciate and promote the capacity of the community rather than the help of others. This concept does not look at the poor as an undefined object, but as a possessed subject. They have the ability to save, in-depth knowledge of the constraints of their business, to know the condition of the environment, to have manpower and willingness, and to have long-standing social norms. All that must be explored and used as the basic capital for the empowerment process. Assistance from others of a material nature should be viewed as a support, so that the provision of assistance does not undermine the level of self-sufficiency. The Sustainable Principle indicates that empowerment programs need to be designed for sustainability, even though initially the role of the counselor is more dominant than the community itself. But slowly and surely, the role of companion will be reduced, and finally deleted, because society is able to manage its own activities.

In addition to the principle, there are several principles of empowerment according to the social work perspective. Empowerment is a collaborative process, so social workers and the community must work together as partners. (A) The social work process places the community as competent actors or subjects capable of reaching sources and opportunities, (b) The community should see themselves as important agents that can influence change, (c) acquired competence or sharpened through life experiences, especially experiences that give societal oppression, and solutions, derived from case situations, must vary and appreciate the diversity derived from factors in the situation of the problem.

c. Legal Foundation
The Office of Cooperatives and Small and Medium Enterprises has a legal basis in the form of Law, namely Law Number 20 Year 2008 on Micro, Small and Medium Enterprises (MSME) and based on TUPOKSI each and PP RI No. 17 of 2013 on the implementation of the Act Law Number 20 Year 2008 concerning Business, Small and Medium Enterprises. Cooperatives are regulated in Act Number 25 of 1992 concerning Cooperatives with the legal basis of article 33 paragraph 1 of the 1945 Constitution which states that the Indonesian economy is organized as a joint effort based on the principle of kinship.

Law Number 20 Year 2008 consists of 11 chapters and 44 articles covering such as the general provisions, principles and objectives, principles and objectives of empowerment, criteria, business climate, business development, financing and guarantee, partnership, coordination and empowerment control micro, small and medium enterprises, as well as administrative sanctions and criminal provisions, closing provisions.

### III. RESEARCH METHOD

This study uses a combined approach between quantitative and qualitative approaches. The author uses a quantitative approach to process the data obtained from the research location, while the qualitative approach is used to further refine the data information related to the research. This research was conducted at the Office of Cooperatives, UMKM, Industry and Trade City Palopo. The population in this research is all civil servants in the Office of Cooperatives, UMKM, Industry, and Trade City Palopo which amounted to 72 people, and Non Civil Servants amounted to 17 people. So, the total population is 89 people. Of the total population, the number of samples in this study as many as 47 people. The sampling technique used in this research is by using purposive sampling technique.

Questionnaires were distributed to respondents in the form of a closed questionnaire, where the questionnaire used a Likert scale with a scale of 1 to 4, where 1 showed very good category, 2 showed good category, 3 indicates enough category and 4 indicates less category. The frame of mind in this study is as follows:

![Diagram of MSME Empowerment Strategy](#)

- **Initial Phase**
- **Participatory Phase**
- **Emancipatory Phase**

**Factor Affecting:**
1. Supporting Factors
2. Inhibiting Factors

**Increased Economy Income Society**

### IV. RESULT AND DISCUSSION

Of the total 47 questionnaires distributed at the Office of Cooperatives, UMKM, Industry and Trade City Palopo, the number of valid questionnaires to be analyzed as many as 47 pieces of questionnaires. Characteristics of respondents are as many as 21 respondents with male gender and 26 respondents with female gender. From 47 respondents there are 21 people with age 21 years up to 30 years, 19 people with age 31 years up to 40 years and 7 respondents with age 41 years up to 50 years. In addition, from 47 respondents there were 20 people with the last education of senior high school/equivalent, 11 respondents with the last education D1 D2 D3 and 16 respondents with the last education Bachelor.

The analysis related to MSME Empowerment Strategy in Palopo City Trade Sector starts from Initial Phase, Participatory Phase, and Emancipatory Phase. Initial phase is measured by indicators of Training, Counseling, and Policy. The results of the analysis show the training phase, the intensity of training given to the employees of Dinas Koperasi, UMKM, Industry and Trade of Palopo City to the community of UMKM perpetrators can be said very often because the responses of respondents reached...
76.6%. The training includes marketing oriented training how people market their products well through product packaging innovations, product exhibitions, and entrepreneurship training. In addition, in order to develop the capacity and quality of MSME products, each year, a comparative study is conducted to the regions in order to provide patent training to the public on the products produced. In Extension Stage, the result of analysis shows that the intensity of counseling given by employees of Dinas Koperasi, UMKM, Industry and Trade of Palopo City to the community of UMKM perpetrators can be said very often with the accumulated number of respondents 76.58%. Counseling conducted by the Office of Koperindag City Palopo usually directly disuatu place, such as in the village office or in the office of the sub-district. Then the evaluation form includes the process of monitoring the results rather than the extension activities. The evaluation is in the form of accountability or financial accountability report by the participant to Koperindag Office. At the Policy Stage, the results of the analysis indicate that the policy issued by the Office of Koperindag Kota Palopo has been in accordance with the development effort of UMKM as it aims to improve the competitiveness of other products. Besides the existence of policies made by the government to make the distance between the bureaucracy with the society is getting narrower so there is no more awkwardness by the public to the government. Even with the existing policies as media and guidelines in obtaining information related to the development of UMKMin Palopo City.

The Participatory Phase is measured using indicators of community involvement in each program and community enthusiasm in the empowerment program. In the community involvement phase in each program, the results of the analysis show that the community's anticipation to each program has been very good with a percentage of 72.4%. In addition, in the implementation of the training the Office of Koperindag City Palopo provide transportation allowance costs to participants so that the public enough to participate and so enthusiastic. The results of the analysis also show that the enthusiasm of the community in the empowerment program has been well perceived by the community with a percentage of 63.7%. The results of interviews to the citizens as business actors prove that the community showed a good response to the implementation of the empowerment program in question. Residents of small entrepreneurs who come from sago said that with the training organized by the Office of Koperindag City Palopo can provide education for the development of sago traditionally a little more modern.

The Emancipatory phase is measured using asset indicators, business volume, and residual results of operations. The analysis shows that the assets of small-scale business reaches 50 million, for micro business reaches 300 million and for medium business reaches 1 billion. This proves that UMKM in Palopo City have been promising on the asset side. From the results of the responses of respondents regarding the suitability of business assets obtained by the perpetrators of UMKMin accordance with the type of business. Because the value of the asset is adjusted what type of business undertaken and how big the type of business. The analysis results also show that small-scale business ventures are around 100 million, while micro-enterprises are around 300 million and business volume for medium-sized enterprises is around 2 billion. From the results of the responses of respondents regarding the suitability of business volume obtained by the perpetrators of UMKM in accordance with the type of their business. Because the value of the asset is adjusted what type of business is done and how big the type of business. For the rest of the business results, the analysis shows that the remaining business returns for small businesses reach 100 million, micro business reaches 200 million and medium business reaches 1 billion. If seen this is a very maximum result in supporting PAD as a whole. From the results of the responses of respondents regarding the suitability of the remaining business results obtained by the perpetrators of UMKMin accordance with the type of their business. Because the value of the asset is adjusted what type of business undertaken and how big the type of business.

The data shows that the strategy undertaken in the development of UMKMby the Office of Koperindag in Palopo City has been “very good”, it can be seen with the average percentage of respondents' assessment in the three phases of strategy according to Pranaka and Priyono is already above 70%. Furthermore, from the results of the emancipatory phase can be seen that UMKMscattered throughout the city of Palopo quite developed with a large number of values for assets, business volume, to the rest of the business results. However, the magnitude of the figures is not proportional to the equitable distribution of business development undertaken by the relevant agencies. In addition, the obstacle that is quite inhibiting is the availability of facilities and infrastructure in the area so that the empowerment of UMKM in complex does not run optimally. Improvement and equity and income to manifest itself as a pillar that denies the national economy.

This study also finds the factors that influence the empowerment strategy of UMKMin Palopo City that support factors include in cooperation with other agencies and other institutions and the participation of UMKM actors who agree. In addition, Inhibiting Factors include data limitations, limited facilities and supporting infrastructure that is uneven and insufficient distribution, less uniform traders are included in the empowerment of UMKM.

V. CONCLUDING REMARKS

Based on the results of research that has been described, then tactically the author can draw a conclusion that the strategy of empowering micro, small and medium enterprises by the Office of Koperindag in Palopo City runs very optimal (very good). The strategy that has been formulated has even been implemented as expected.

The initial phase research results indicate that overall the Office of Koperindag in Palopo City has developed strategy formulation in empowering and developing UMKM through training, counseling and policy. While in the participatory phase shows the level of community participation in programs or activities implemented by the Office of Koperindag in Palopo City is very high (very
good). This is characterized by the interest and participation of large UMKM actors in each training/counseling held. While the emancipatory phase shows that the development of UMKMin Palopo City in this phase has been growing (very good) with the amount of assets, volume, and the rest of the business results are quite large.

Furthermore, in the empowerment strategy undertaken by the Office of Koperindag in Palopo City there are inhibiting factors and supporting factors. Inhibiting factors include limited funding, limited facilities and supporting infrastructure that is uneven and insufficient distribution and less uniform traders are included in the UMKM empowerment activities. While the supporting factors include the participation of traders who agree and cooperate with other agencies and other institutions.

Suggestions that can be given to all parties responsible for the development and empowerment of UMKMin Palopo City. The suggestion in question is Koperindag as a responsible person in the development and empowerment of UMKMin Palopo City should provide adequate facilities and infrastructure, so that the implementation of training or counseling can run optimally and produce output in accordance with expectations. In addition, the community as the perpetrators of UMKMshould open the mind to not be pragmatic in receiving empowerment given the government. With the training and counseling should be used as an opportunity to gain knowledge and knowledge related to the development of business products more innovative and competitive.

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