



Community Empowerment of MSME Owners by the Office of Micro, Small and MSME Cooperatives in Palembang City

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Abstract

Empowering Micro, Small, and Medium Enterprises (MSMEs) in Palembang City is a priority in overcoming the challenges faced by local businesses. Although the number of UMKM is increasing, there are still problems such as a lack of understanding in managing the business and constraints in marketing, especially through social media. The Palembang City Office of Cooperatives, UMKM and Industry is responsible for empowering the community of UMKM owners through mentoring, training and access to technology. This research uses a qualitative method with a focus on UMKM development strategies. Data were obtained through observation, interviews, and documentation. Empowerment is carried out through the stages of awareness, capacity building, and empowerment. The results showed an increase in knowledge and skills of UMKM actors as well as improved product quality and marketing. The community empowerment approach through the Palembang City Cooperative and MSME Office has a positive impact on the development of MSMEs and the economy of Palembang City.

Introduction

Indonesia, according to data from UNICEF, is a developing country. Currently, Indonesia is actively implementing various development programs in various sectors of life. This development is a planned process that involves the participation of all levels of society to achieve common prosperity. The goal is to improve living standards, changing less developed economic conditions for the better. This idea encourages comprehensive coaching, development and development efforts to advance the nation (Marcelina et al., 2023).

Cooperatives and Micro, Small and Medium Enterprises (MSMEs) are an important representation of the contribution of the Indonesian people in the national economy. Therefore, it is important to give this sector a high priority in national development. This encourages individuals to become more independent in running a business or entrepreneurship. Entrepreneurship has always been an interesting topic to research, especially when the unemployment rate is still high. Entrepreneurs are born as individuals who are smart in seeing opportunities and have the courage to face risks.

MSMEs play a very important role in the economic growth of a country or region. They are considered the backbone of economic growth as they account for about 80 percent of global economic growth in developing and newly industrialized countries. MSMEs are also one of the main drivers of poverty reduction. In Indonesia, the role of MSMEs in the economy is very clear, especially as they constitute the largest group of businesses and contribute greatly to employment, the formation of Gross Domestic Product (GDP), exports, and the creation of fixed capital or investment. The importance of the role of MSMEs is reflected in government

policies, such as Law No. 20/2008 on small businesses and Government Regulation No. 32/1998 on the Guidance and Development of Small Businesses. MSME players have a great responsibility in increasing per capita income and advancing the regional economy. Therefore, they are required to play an active role in the economic development of their country (Jayanti et al., 2023).

Micro, Small and Medium Enterprises (MSMEs) play a vital role in a country or region, especially as one of the drivers of economic growth at the national and local levels. MSMEs are considered a key pillar in economic growth around the world, contributing up to 80 percent of global economic growth, especially in newly developing countries, where they also play an important role in reducing poverty levels. In Indonesia, the role of MSMEs is crucial, as they account for the majority of business actors, as well as their contribution to employment, Gross Domestic Product (GDP) formation, exports, and investment. The importance of the role of MSMEs for the Indonesian economy is reflected in the existence of Law No. 20/2008 on small businesses, which was later strengthened by Government Regulation No. 32/1998 on the Guidance and Development of Small Businesses. The active role of MSME players is very important in increasing per capita income and strengthening the economy in various regions. Therefore, MSME players must have the ability to participate in efforts to develop and grow the economy in their country.

According to an online news report, the superiority of Micro, Small and Medium Enterprises (MSMEs) in facing economic challenges in Indonesia was evident during the global crisis, both in the 1997-1998 period and afterwards. In the crisis period around 2005, there was a significant slowdown in the national economy, which led to a drastic decline in Indonesia's economic growth in 2006. The decline was mainly due to the decline in MSEs' Gross Domestic Product (GDP), while the growth of MSEs increased significantly. During the 2009-2013 period, MSE GDP growth steadily increased from 3.87 percent to 6.02 percent. This growth outpaced the GDP growth of Micro and Large Enterprises (MSEs), which declined from 7.53 percent to 5.55 percent during 2011-2013. This shows that MSMEs have better economic resilience and are able to adapt better in the face of difficult economic conditions (Wakhidah & Pramono, 2024).

According to data from the Ministry of Cooperatives and Small and Medium Enterprises (SMEs) cited in a study by Pakpahan (2020), around 37,000 Small and Medium Enterprises (SMEs) in Indonesia have been seriously affected by the COVID-19 pandemic. About 56 percent of them reported a decline in sales, 22 percent faced problems in financing, 15 percent experienced difficulties in the distribution of goods, and 4 percent experienced difficulties in obtaining raw materials. In addition, the problem of disparities in economic management by the government is also a factor affecting the development of SMEs in Indonesia, with the government tending to prioritize large capital owners in access to capital and marketing.

In July 2020, the Central Bureau of Statistics (BPS) conducted a survey showing that 84.20 percent of MSMEs experienced a decline in income due to the pandemic. This had a serious impact not only on total production and trade value, but also on the number of workers who lost their jobs (Jufri et al., 2021).

The Ministry of Cooperatives and MSMEs (2012) states that the growing MSMEs currently cover various sectors, including agriculture, livestock, fisheries, forestry, electricity, gas, hotels, restaurants, private services, and processing industries, one of which is the creative industry. Creative industries are believed to have the potential to survive the global financial crisis, and governments are beginning to see them as an alternative in driving economic growth. According to UNCTAD and UNDP in the Creative Economy summary report, creative industries have an important role in driving economic growth by creating income, employment,

and exports. In addition, the creative economy can also promote social, cultural, and human resource development aspects (Krismadayanti et al., 2023). The following is data on the number of MSMEs in Indonesia from 2018-2022:

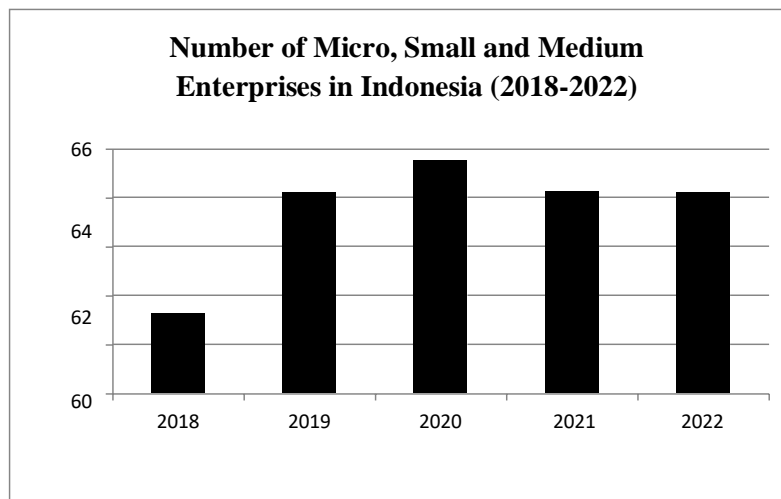


Figure 1 Data on the number of Indonesian micro, small and medium enterprises 2017-2021 (Source: DataIndonesia.id: processed by researchers 2024)

Based on the data presented, it can be concluded that the number of Micro, Small and Medium Enterprises (MSMEs) in Indonesia has increased from 2017 to 2019. However, in 2020 there was a significant decrease of 1.26 million MSMEs compared to the previous year, and there was no increase in 2021. This shows the enormous impact of the COVID-19 pandemic that began in Indonesia at the end of 2019 on MSME players. The Organization for Economic Co-operation and Development (OECD) indicates that the current economic crisis facing MSMEs is more serious than the economic crisis in 2008. The economic impact caused by the COVID-19 pandemic has the potential to severely harm MSMEs, with the risk of bankruptcy reaching 50 percent. The collapse of MSMEs globally will have a major impact on the national economy and is difficult to recover globally, which will also impact expectations and the financial sector (Wahidi, 2022).

In Government Regulation of the Republic of Indonesia Number 32 of 1998 Article 1 paragraph 2 on the Guidance and Development of Small Businesses, the President of the Republic of Indonesia explains that guidance and development are efforts made by the government, the business world, and the community through the provision of guidance and assistance to strengthen small businesses in order to become resilient, independent, and develop into medium-sized businesses. Presidential Instruction No. 10/1999 on the empowerment of medium-sized enterprises emphasizes that in populist economic development, medium-sized enterprises have an important and strategic role in forming a solid national business structure. This support is also reinforced by the enactment of Law No. 23/2014 on Regional Government, which replaces Law No. 32/2004. This shows the division of authority from the central government to the regions, so that the regions have the power to carry out government affairs independently in accordance with the principles of autonomy and co-administration.

Attention to the development of small and medium enterprises (SMEs) plays a crucial role in supporting regional economic growth, employment, and directly improving community welfare. The Office of Cooperatives and SMEs in Palembang City conducted a study with the aim of providing information on SME sector development strategies. They used SWOT analysis to identify internal and external factors affecting SMEs. By listing favorable and

unfavorable internal and external issues in the four quadrants of the SWOT analysis, planners can better understand how to leverage strengths to seize new opportunities and understand how weaknesses can impede progress or increase threats (Ekawarti & Sari, 2021).

The granting of power to local governments aims to accelerate the realization of welfare for the people in the area through effective services, bureaucracy, and empowerment. Local governments are expected to be able to improve regional competitiveness by utilizing local potential and diversity, so that it can have a positive impact on the welfare of the local community. One of the main focuses of local governments is the economic sector. They need to pay attention to the local economic sector by understanding the potential and diversity of the region, so that the region can be economically independent and its people can experience better welfare (Fakhirin et al., 2022).

South Sumatra Province, especially Palembang City, is known as an important trading center since the past until now. Supported by its strategic location, this area is often traveled by trading merchants. Palembang City, as the capital of South Sumatra, has developed into a big city with the presence of various industries both large and small. South Sumatra Province has three regencies and four cities, each of which has duties and authorities in accordance with regional autonomy policies. One of the autonomous regions in this province is Palembang City. As an autonomous region, Palembang City has the responsibility to empower and improve the regional economy. One of the steps taken by the government to improve the regional economy is to utilize local potential and develop existing Micro, Small, and Medium Enterprises (MSMEs). This is an important strategy because MSMEs have a major role in local economic growth, employment, and improving community welfare. By strengthening MSMEs, it is expected that new jobs will be created, people's income will increase, and the regional economy will grow.

Palembang City has recorded a high human development index for the past two years, attracting people from outside the city to do education and trade there. This makes Palembang City a strategic center in opening business opportunities, especially in the culinary field. One example is Pasar 16 Ilir, which is the central point of trade for the people of Palembang and South Sumatra in general. Creative Palembang people are able to develop local potential by opening micro, small and medium enterprises in managing existing potential, so that they can compete with other business actors. However, during the pandemic, many businesses have experienced difficulties in maintaining their businesses, including MSMEs in Palembang City. They face a significant decrease in turnover, and some even feel that the pandemic threatens the continuity of their business (Ekawarti & Sari, 2021). The following is data on the number of MSMEs in Palembang City in 2022:

Table 1. number of MSMEs in Palembang City in 2022

No.	District	Business Unit			Total Business Units
		Micro	Small	Medium	
1	Ilir Barat I	732	1.958	402	3.092
2	Little Hill	652	1.258	258	2.168
3	Ilir Barat II	689	1.478	299	2.466
4	Gandus	464	682	119	1.265
5	Sukarami	1.299	3.259	712	5.270
6	Kemuning	545	1.113	212	1.870
7	Ilir Timur I	1.353	3.997	963	6.313
8	Wide Reeds	529	1.041	201	1.771

9	Iilir Timur II	934	2.462	591	3.987
10	Iilir Timur III	679	1.221	222	2.122
11	Kalidoni	521	1.026	120	1.667
12	Sako	719	1.606	318	2.643
13	Sematang Borang	462	684	134	1.280
14	Seberang Ulu I	670	1.229	302	2.201
15	Kertapati	455	563	96	1.114
16	Seberang Ulu II	923	2.094	445	3.462
17	Jakabaring	575	11.175	176	1.926
18	Plaju	454	629	127	1.210
Total		12.655	27.475	5.697	45.827

Source: Palembang City Cooperatives and SMEs Office (2022).

Based on the data presented, we can see the distribution of MSMEs in Palembang City. Iilir Timur I sub-district has the highest number of MSMEs with a total of 6,313 units, while Kertapati sub-district has the lowest number of MSMEs with a total of 1,114 units. Overall, Palembang City has a total of 45,827 MSME units, consisting of 12,655 micro business units, 27,475 small business units, and 5,697 medium business units. Compared to 2019 which had a total of 37,902 MSME units, there is a significant increase in the number of MSMEs in Palembang City. This shows that even though the COVID-19 pandemic has entered Indonesia, the data collection of MSMEs is still increasing (Goni et al., 2022).

The increase in the number of Micro, Small and Medium Enterprises (MSMEs) in the 2021-2022 period in Palembang City is inseparable from various problems that become obstacles for MSME players there. Some examples of problems faced by MSMEs in Palembang City include their non-registration with the Office of Cooperatives, MSMEs and Industry, which makes it difficult for MSME players to get information about available government assistance. In addition, another problem faced is the lack of understanding of MSME players in managing aspects such as fund management, capital, and competitiveness in the market. The development of MSMEs in Palembang City is also faced with several problems, including the lack of human resource capabilities due to the lack of knowledge possessed by small traders in the city, as well as technological limitations that impact the quality of small-scale industrial production. Other challenges faced by the Palembang City Cooperatives, MSMEs and Industry Office include low growth of small and medium industry entrepreneurs, lack of competitiveness of small and medium industry products, inadequate availability of facilities and infrastructure, lack of quality management, and unmet service standards.

Many MSME players in Palembang City still rely on traditional marketing methods, such as selling products directly to consumers or by leaving products in nearby stalls. However, this method only covers a limited area. They still choose traditional methods because they don't understand the use of social media as a marketing tool. Especially, older people tend to be less familiar with the use of social media for marketing purposes. In addition, many MSMEs in Palembang City do not yet have an official business license to run their business (Maimuna et al., 2022).

Many MSME players in Palembang City still rely on traditional marketing methods, such as selling products directly to consumers or leaving products in nearby stalls. However, this approach only covers a limited area due to a lack of understanding about using social media as a marketing tool. Especially, parents tend to be less familiar with how to utilize social media for marketing purposes. To overcome these challenges, serious attention from both the

government and the community is needed so that MSMEs can develop more competitively. This involves an inclusive approach, including the provision of training and guidance on utilizing social media in marketing products and services. By doing so, MSMEs can expand their market coverage and compete more effectively with other businesses (Novitasari, 2022).

The government has the responsibility to be actively involved in overcoming the problems that are often experienced by MSMEs, especially through the role of the Palembang City Cooperative, MSME and Industry Office as a government agency in charge of managing the MSME sector. Empowerment of MSME owners by the government is very important to encourage the growth and development of MSMEs in Palembang City. Based on this description as well as existing facts and data, researchers want to examine and observe efforts to empower MSME owners by the Office of Micro, Small and Medium Enterprises Cooperatives in Palembang City, given the increase in economic growth in Palembang City even though MSMEs still face several problems (Ernawati et al., 2021).

Methods

This study uses an exploratory research method because it concerns itself with knowing and identifying the approach Palembang City Cooperative and the MSME Office adopt in the empowerments of the MSMEs. Based on the consideration of the above-mentioned characteristics of this research, a case study approach was considered to be the most appropriate strategy considering its ability to afford the analysis of the identified construction of women's empowerment within the given context of Palembang City. The use of case studies enables the documentation of the procedures used in the implementation of the empowerment initiatives, a factor that provides specificity that is relevant in the assessment of the effects of the strategies on the MSMEs in the local settings.

Participant selection was done purposively because only those who directly engage in MSME business activities in Palembang City were selected. In this regard, the participants were selected purposively, to include those to whom the processes of empowering the MSME were best known, so that the findings would represent the actual practice or empirical reality of empowerment schemes. Targets were SCMSME owners who availed themselves to the programmes, senior officials drawn from the Cooperative and MSME Office since they are directly involved in the implementation of these programmes. This approach made it easy for the study to include a wide range of experiences and inputs when offering empirically based information on the empowerment process.

Information that was used in this study was obtained through focused observation, interviews and documentation. The observation method of empirical participant observation meant that the researcher was directly involved in the MSME empowerment programs hence getting a first-hand feel of the processes and dealing directly with the participants as well as the officials. Qualitative interviews were held with the participants to allow the researcher to gain a deeper understanding of the empirical and subjective evidence of the strategies of empowering the rural women. These interviews were conducted in such a way that the participants are able to express their views with much detail as possible with regards to their knowledge of the strategies, how effective they are, and the problems faced. Besides, the training modules and reports of the Palembang City Cooperative and MSME Office were used as the supporting data in complementation with the observation and interview results.

The collected data were analyzed with the help of the conceptual framework based on the peculiarities of business development strategies described by Bungin (2015), that include the creation of favorable business conditions, the integration of informational systems, the

formation of consultation centres, and the development of marketing systems. These strategic indicators are used for coding and analysis to facilitate the understanding of the empiricist and defining elements of the empowerment process and its products. This process involved carrying out a detailed examination of the information so as to get to the root of the existing patterns and trends that are characteristic of the empowering of MSMEs in Palembang City with emphasis being on the core empowering strategies. These themes were then considered against the purpose of the study which was to gain understanding into the extent of empowerment organising initiatives.

Result and Discussion

Community Empowerment of MSME Owners by the Office of Micro, Small and MSME Cooperatives in Palembang City

MSME empowerment is an effort or effort carried out by the government so that MSMEs develop their potential through several actions, encouragement and motivation to develop capacity and skills and another goal is to minimize the risk of failure due to unwanted conditions such as natural disasters and others. There are several ways that have been carried out by the government, namely the Palembang City Cooperative and MSME Office together with the Ministry of Cooperatives and MSMEs of the Republic of Indonesia in an effort to empower MSMEs in Palembang City, one of which is by creating integrated information and marketing applications to be used by MSME business actors in order to market products quickly effectively and efficiently in accordance with modern technological developments (Pratiwi et al., 2023).

The empowerment of MSMEs carried out by the Government, in this case the Palembang City Provincial Office of Cooperatives and SMEs, uses the stages of empowerment from Wrihatnolo, namely: (1) Awareness stage; (2) The capacitating stage; (3) The enrichment stage (Ekawarti & Sari, 2021).

At the awareness stage, the target audience is business actors, especially micro-business actors, who must be given an understanding that they have the right to become capable. In addition, they must also be motivated that they have the ability to develop and advance their business. Furthermore, the capacity building stage aims to improve skills or expertise so that MSME actors are able to manage available opportunities. This is done through organizing trainings, workshops and similar activities that aim to improve people's life skills. The next stage is enrichment, where MSME actors are given opportunities that are appropriate to their abilities and the types of goods or services they offer. Through active and continuous participation, they are given a gradually increasing role, according to their abilities and capacities, and accommodating their aspirations. They are also guided to conduct self-evaluation of their choices and the results of the implementation of those choices. Therefore, the main objective of the Office of Cooperatives and MSMEs towards MSMEs is to empower them thoroughly and deeply. This involves concrete efforts in enhancing skills, providing appropriate opportunities, and supporting active participation and critical thinking of MSME actors (Utami Putri et al., 2021).

Awareness Stage

At this stage, the targets to be empowered are given "enlightenment" through providing an understanding that they have the right to obtain something. Programs that can be carried out at this stage include providing knowledge that involves cognitive aspects, beliefs, and healing. The basic principle is to make targets understand that they need to be empowered, and the empowerment process starts with themselves. At this stage, business actors as objects are

empowered to understand that empowerment comes from themselves. Through socialization or introduction, actual and accurate information is provided to start the awareness process scientifically. This process can be accelerated and the results can be rationalized with assistance efforts from the government or other parties. Thus, business owners can understand the importance of their participation in the empowerment process and increase awareness of their rights and potential.

In this research, it was found that through direct observation and after conducting a series of interviews with the Palembang City Cooperative and MSME Office and MSME actors in Palembang city who were the main target informants, the researchers in making this thesis had obtained data on the empowerment program implemented by the Palembang City Cooperative and MSME Office for the entire membership of Palembang City MSMEs. This data includes empowerment programs carried out by the Palembang City Office of Cooperatives and MSMEs through the awareness stage, capacity building stage and enrichment stage (Utomo, 2023). The following is an explanation of the awareness stage:

In the first stage, namely the Awareness Stage, all Palembang City MSMEs that are fostered or registered have been involved in agendas that are training and mentoring in nature, at this stage MSME players are given direction and intelligence to carry out useful activities so that the business undertaken in the hope of experiencing an increase in quality and quantity, one of which is with training and mentoring by the Palembang City Cooperation and MSME Service. This is in accordance with the strategy of business success in empowering the community which is carried out by training, mentoring and motivation which is carried out with the aim of helping the community, especially MSME actors to increase their potential to advance and help increase knowledge and skills (Prasetyo et al., 2023).

Previously, the MSME players in Palembang City had been trading or doing business for a long time, and there were also those who had just started their business. As stated by Mr. Zul as a provider of vehicle key printing services and billboards.

"Previously, I learned to print vehicle plates by myself while watching the process in my friend's shop, I learned with my friend too and then I practiced it myself at home because I had not opened a printing shop because there was no money. Then I felt that I could make and provide this vehicle plate printing service with a little capital, I opened this shop with rent at a small cost. Then in 2020 I participated in training from the cooperative and MSMEs office, there was a printing training because it was free, so I participated for 3 days at the Wanita Dharma Building near the governor's office. There I gained a lot of knowledge, especially about painting and cutting iron manually."

In line with Mr. Zul, Mr. Herman as a fashion trader in the 16 ilir area said that he had participated in training and felt the results of the training on online payments.

"We are used to selling traditionally. People come to choose clothes if they fit then they pay with manual money. But more and more buyers want to pay with e-banking or online payments such as using Dana, Qris. At first I refused to use the application because I didn't know how to use it and secondly I was still hesitant because I thought there were a lot of scams, but many consumers or buyers gave advice because they said it was simpler and they mostly used online payments. Now the truth is that there is socialization from the government about online payments, I was told about how to use it and its benefits and how to use it until now"

Based on the results of these interviews with MSME actors, the researcher concluded that at the awareness stage, it can be said that it has succeeded in making MSME actors who initially did not know about the existence of access or facilities to support the improvement of their businesses. The Palembang City Cooperative and MSME Office applies the awareness stage to all MSME members.

This awareness stage is an important stage of the initial process of carrying out empowerment activities, where at this stage the facilitator provides an understanding of the right to be capable and motivates them to get out of poverty. Usually, this awareness stage is carried out with assistance. At this awareness stage, the empowerment party tries to create preconditions, so that it can facilitate an effective empowerment process. A stage of community formation is given behavior towards conscious and caring behavior, so that they feel they need capacity building. This awareness is carried out to build their mentality which can be started from within themselves (Aladin et al., 2019).

This awareness stage was also carried out by Hayati in 2020, stating that the awareness process needs to be carried out with a companion because at this stage the companion motivates and socializes an activity so that it has a future impact. In accordance with the activities carried out by the Compact MSME Forum which carried out activities at this awareness stage by focusing on 2 things, namely socialization and motivation. At the socialization stage, it is carried out in order to provide existing information related to activities that will be carried out in the future. This information activity is conveyed as clearly as possible so that the information conveyed is as maximum as possible. Maximum information can make prospective members aware of their business and have motivation to do so.

In addition to the socialization carried out, the motivation stage is also carried out, this is evidenced by the actions taken by the Palembang City Cooperative and MSME Office to always provide enlightenment and motivation to MSME actors. The enlightenment or motivation given changes the perspective of the members, instills awareness and also motivates the members. With the aim that they want to be more advanced and develop independently and members have a strong sense of making their quality of life better than before (Nawawi et al., 2023). Motivation has a good impact on a person's life, with the motivation to achieve something makes someone have a definite goal for something, one of which is entrepreneurship. Motivation is considered as a drive, both due to internal and external factors to achieve certain goals in order to fulfill or satisfy a need for smooth business. The role of motivation is considered as fuel driving a machine. So that good entrepreneurial motivation will encourage active behavior in entrepreneurship.

The motivation obtained during the awareness stage of the Kompak UMKM Forum members makes all members motivated and aware of the next steps to be taken. For members who are mostly mothers, this awareness stage makes them realize the importance of participating in an MSME empowerment activity or training. The importance of this activity is due to the existence of new knowledge which will be obtained if you do not participate in existing activities. In addition, the existing knowledge can be an evaluation for members regarding the shortcomings and strengths of the business that has been carried out. To improve existing evaluations, a competency is needed so that it is necessary to have a capacity stage where the ability to measure the capabilities possessed is measured (Anugrah et al., 2023).

Capacity Building Phase

After the awareness stage is carried out, the next stage is the capacity building stage, at this stage the Palembang City Cooperative and MSME Office conducts training and mentoring

activities to develop the skills of MSME actors so that their businesses increase. This activity is carried out because there are central government regulations that continue to support the development of MSMEs in the regions and are also supported by developments that continue to occur so that all MSME actors must adapt to developments, especially in the world of digitalization.

The development of information and communication technology is also applied by the Palembang City Cooperative and UMKM office to the entire membership of MSMEs because with this utilization, the dissemination of information is getting younger between the government and MSME players. This was also explained by Mr. Anda Rahan S.E. as the coordinator of the micro business empowerment division that with this communication you can find out and share information with each other (Yudistira, 2023).

The benefits of training and mentoring activities can also be felt directly by participants. This was conveyed by Mrs. Astuti as a songket craftsman from Ogan ilir district, pamulitan village who felt the benefits of the training, one of the benefits obtained after the training made her know the promotion standards on social media and and increased the selling power of the products of her skills. From her recognition so far, before participating in the training, she tended to be bored with the monotonous motifs of her homemade products and tended to make them mediocre and not varied, even though they should still be able to be improved, such as types, shapes, etc. In addition, Mrs. Astuti said that the training had made her more aware of the types of products she could make. In addition, Mrs. Astuti said that the evaluation of her performance or the products offered made the quality of the products increase and affected product sales. This opinion is in accordance with the interview with him as follows:

"As a craftsman, I actually did not know that there is often training like this, then my friend told me about the existence of training like this about training to knit well, modify products, packing good products. Because I thought my products were already good. But through this training, I was taught about packing that is attractive and has great selling value. That's where I was taught"

From the results of the interviews conducted by researchers, it can be concluded that at the stage of capacity building for MSME members, the benefits are clearly felt by those who follow it. One of the participants who followed it, such as Mrs. Astuti, felt the impact.

At this stage, the capacity stage enables the underprivileged community to have the skills to take the opportunities provided by conducting trainings, and activities that have the aim of increasing lifeskills. The capacity building stage can be achieved when the community already has the ability to receive power. This stage is often also called capacity building, which includes people, organizations, and value systems and others. It can be concluded that the capacity building stage is important for the community, especially related to lifeskills and acceptance of the power of their abilities (Arianti et al., 2022).

This is as explained by Istianawati and Sudaryanti (2019) in their article saying that the stage of capacity building, this stage consists of 3 types, the first is human capacity building, the second is organizational capacity building, and the last stage is value system capacity building. The human capacity stage can be done through providing the capacity of the community to be empowered, while the organizational capacity stage is focused through organizational restructuring. The value system stage is given to humans and organizations through the rules of the game that exist between them. This is in accordance with the values that exist in the community but still does not violate the articles of association or bylaws, indirectly it has done this stage well, where it is done to every member who has joined. At this stage, each member

is expected to improve their abilities through training and mentoring activities carried out directly with the prohibition district. This training and mentoring is carried out with 2 methods both directly and online. For direct activities by providing training materials that can help members of Palembang City MSMEs to evaluate the businesses they have to adjust to current developments, one form of training includes preserving material and good and attractive packaging for a product, this is a form of increasing the capacity of members so that the products sold become more attractive to consumers. Training activities provided to actors are conventional but still use current technology, this is because it is a form of teaching and adapting members to current technology (Mavilinda et al., 2021).

In addition to the direct capacity building stage, MSME actors also provide assistance to participants using the Whatsapp group or online. This mentoring activity is a form of monitoring carried out by the prohibition sub-district on the follow-up that the members will do to their business. The increasingly sophisticated technology makes communication easier. In addition to communication among members and administrators of UMKM Kompak, the use of digital is also carried out when providing training, where during design training members are invited to do digital design for making business brands and logos. With this design, it helps a business to do branding to the community for its products as one of the uniqueness of its products and makes the product easy to remember. The application of branding to MSME products can make it easier for consumers to choose products amid the many choices and quality of products available. The use of the right brand on MSME products will make it easier to enter the national market, so as to increase penetration.

So, it can be concluded that at this stage of capacity building, members have done this stage well, after the awareness of members, followed by capacity building so that members can improve their abilities. It is intended that members are able to improve the skills they have and can also improve the quality of life of their members so that in the future members can improve their welfare (Lubis et al., 2023).

Enrichment Stage

At this stage, MSME actors are given the opportunity to carry out the skills and knowledge they get during direct practical training and are directly accompanied by assistants during activities and are given facilities to practice the knowledge and skills they have gained in their respective homes / shops. This was explained by Mr. Anda Rhan S.E. when researchers conducted an interview.

"The term used in this empowerment stage is actually more about improving human resources, because this requires brands with basic knowledge of marketing, packaging and packaging and how they socialize to market offline and online, that's where we are present to conduct trainings from the basic stages until they are experts."

The conclusion of this enrichment stage is an activity that has a positive impact on the development of MSME members in Palembang City. Because with the training, socialization and mentoring for MSME players, they can evaluate internally regarding the shortcomings and strengths they have, and they can improve when the process of selling their products and services.

The enrichment stage is where communities are given opportunities according to their abilities through active and sustainable participation. This is done by giving the community a greater role in accordance with their capacity and capability. This stage occurs after awareness and capacity building through knowledge, training, and adequate facilities to carry out MSME empowerment activities. At the enablement stage, community members are given the

opportunity to apply the knowledge, skills, and training they have acquired to improve their capabilities in their businesses. This creates an environment where they can develop their potential independently and sustainably and make a significant contribution to the growth and development of MSMEs in their community (Yulina et al., 2020).

The enrichment stage can be interpreted as an effort to make the community empowered with their skills and potential. The enrichment stage can be carried out through providing power, authority, opportunities and power to the community. Based on the results of research conducted through direct observation and interviews with management and members of MSMEs, it can be seen that they have been able to actively participate and be able to provide a greater role than their skills. This participation and active role is evidenced by the participation of members in bazaar activities or exhibitions from the sub-district to the city level. The involvement of members in these activities supports an increase in the sales of the products of each UMKM member.

The activity has a positive impact on MSME members, because with the bazaar the members also participate in evaluating related deficiencies that can be improved when the process of selling products in such a bazaar environment. In addition, it also makes the branding of the product more famous because with the bazaar consumers of these products will be more diverse. The contribution of MSME members in the bazaar also shows the results of the awareness and capacity building activities of members that have been carried out by the prohibition district, which is clear evidence of the success of these training activities because with this, members independently introduce products and do not depend on just one thing (Pratiwi et al., 2023).

Conclusion

This study emphasise the importance of enhancing the capacities of MSMEs in Palembang City as a plausible way of overcoming emergent problems affecting businesses. Although the latest years have seen a growing number of MSMEs, important challenges still persist, including weak business management skills, low use of technologies, and difficulties in marketing especially online. The problems described above have been responded to by Palembang City Cooperative and MSME Office through the development of a systematic empowerment process namely training, motivation, and assisting in the acquisition of modern technologies and integrated information system. The study used a qualitative single case study method whereby the strategies in place by the Cooperative and the MSME Office were examined. People's awareness, capacity-building, and enrichment analysis included in the scope of the study showed that the specified stages helped to grow the capabilities of MSME owners. The effect of the studies demonstrate that the programmes have impacted positively on the MSME actors through the improvement of knowledge, skills and therefore product quality marketing competitiveness and, overall business performance. The result of these empowerment efforts is a major boost to the economy of the MSMEs and Palembang City in general. The discussion emphasises that due to the systematic approach based on the formation of a favorable business climate, integrated information support, and the creation of consultative centers, and the Cooperative, and the MSME Office represent an effective model for the development of local economies. Not only has this helped the owners of MSMEs to address certain business issues that are immediate and relevant but has also imbued them with knowledge as well as confidence to enable sustainable enterprise development.

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