



## ANALYSIS OF STRATEGIES FOR DEVELOPING COOPERATIVES, COMMUNITY EMPOWERMENT AND MICRO SMALL AND MEDIUM ENTERPRISES (MSMEs) IN BANJARNEGARA DISTRICT, CIWANDAN DISTRICT, CILEGON CITY

Pramudi Harsono<sup>1</sup>, Nadila Oktaviani<sup>2</sup>, Adilla Salma<sup>3</sup>, Putri Wijayanti Kusuma<sup>4</sup>, Adella Maharani<sup>5</sup>,  
Tegar Sugari<sup>6</sup>

<sup>1,2,3,4,5,6</sup>Universitas Bina Bangsa, Indonesia  
Email: [pramudi1909@gmail.com](mailto:pramudi1909@gmail.com)

### Abstract

Managing a cooperative based on family economics and mutual cooperation really requires hard work and double enthusiasm. Cooperatives are seen as the right business entity to grow and support popular economic growth. Cooperatives are a pillar of the Indonesian economy. Cooperatives have various obstacles in terms of running their business and quite a few cooperatives do not grow despite the lack of need for information technology to support business processes and the lack of financial support (Wahid Iswara & Iswari, 2007). Of course, a strategy for potential cooperative development is needed. It is time for regional government institutions at sub-district level, such as those in Banjarnegara sub-district, Ciwanda sub-district, Cilegon city, to establish a cooperative institution to provide shelter for businesses and MSMEs. Building quality businesses such as Micro, Small and Medium Enterprises (MSMEs) are three different aspects but have the same aim, namely efficiency and increased results. Apart from that, in facing business challenges in the digital era, MSMEs need to adapt and be dynamic in technological developments. The goal of establishing a cooperative is of course to accommodate production results and savings and loan institutions based on a people's economy. This is of course accompanied by MSME coaching which includes exposure, training through practice and mentoring. This method is quite appropriate to apply because the results of the activity show that the target audience has been able to identify HR empowerment through mentoring. Furthermore, in dealing with obstacles that arise in human resource management, the role of local government in the form of intensive and continuous training is needed. This makes us aware that it is very important to carry out sustainable planning in industrial areas in rural areas, so that villages can develop through industry without experiencing the negative impacts mentioned previously.

**Keywords:** Cooperative Development Strategy, Human Resources, Empowerment, MSMEs

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### INTRODUCTION

At the end of this decade the regions have grown very rapidly, characterized by three things. First, the number of unemployed and underemployed is large and increasing. Second, the proportion of the workforce working in the industrial sector in the city is unlikely to increase and may even decrease. Third, the population and its growth rate have become so rapid that the government is unable to provide adequate health, housing and transportation services. These three things are characteristic of every city that experiences rapid growth in economic activity. To bridge the problems regarding the development of cooperatives and micro businesses in the Banjarnegara sub-district, Ciwandan District, the following are:

1. Form a community cooperative managed by local PKK women and under the auspices of the Banjarnegara sub-district cooperative or as its partners. Because through cooperatives residents can mediate the needs of residents.
2. Businesses such as the processed food industry, eco enzyme, hydroponics, medicinal plants and waste banks can be helped with financing through community cooperatives but wait until the funds have been collected (crowdfunding) so that when it is feasible to provide capital loans to residents who need them for business development.
3. The development of cooperatives and micro-enterprises can provide economic value to the output products of Banjarnegara Village, Ciwandan District because they can produce economic value for residents and the Banjarnegara sub-district.
4. Form a community cooperative managed by local PKK women and under the auspices of the Banjarnegara sub-district cooperative or as its partners. Because through cooperatives residents can mediate the needs of residents.
5. Businesses such as *eco enzyme*, *hydoponik*, medicinal plants and waste banks can be funded through community cooperatives but wait until the funds have been collected (*crowdfunding*) so that if it is feasible to provide capital loans to residents who need them for business development, then this can be done.

Ministry of National Development Planning/National Development Planning Agency, 2014, related to licensing and bureaucracy as well as high levels of levies. With all the existing problems, the large potential of MSMEs is hampered. Even though MSMEs are said to be able to survive the global crisis, in reality the problems they face are many and more severe. This is because apart from being indirectly affected by the global crisis, MSMEs also have to face unresolved domestic problems such as labor wages, employment and illegal levies, corruption and so on. Meanwhile, micro, small and medium enterprises (MSMEs) are citizens who have been involved in the business world for a long time, but need additional capital to develop their business. MSMEs are able to act as drivers and balancers in the economies of developing countries like Indonesia. MSMEs, either directly or indirectly, are able to support large businesses in terms of providing raw materials or other supporting materials. Apart from that, labor absorption in the MSME sector cannot be ignored (Wirawan, Sudibia, & Purbadharmaja, 2015). This activity aims to increase HR competency in order to improve the MSME industry. Implementation of the activity started with tracing all MSMEs located in Banjarnega Village, Ciwandan District, Cilegon City. who meet the criteria for assistance. This search was carried out with the team and KKM group 45 students at Bina Bangsa University. In 2024, implementation will start from 17 July to 15 September 2024. Based on the data from the search results, it was found that approximately 8 MSMEs started to grow after the Covid-19 pandemic, operating in various business fields. Types of MSME businesses include machete craftsmen, paving blocks, emping, cingcau, fish crackers, house rentals, nuget processed foods, tourist souvenir centers for Anyer, collectors and so on.

As a follow-up, basically Student Work Lectures (KKM) have aims and objectives, namely so that students can implement the lecture knowledge obtained in college. The purpose of holding this program is as a form of realization of the Tri Dharma of Higher Education in the form of community service as a form of moral responsibility, social responsibility and professionalism, in higher education, especially Bina Bangsa University (UNIBA) in environmental management.

Banjarnegara Village is part of Ciwandan District, Cilegon City, Banten Province. Banjarnegara is a sub-district in the Ciwandan sub-district area. The area is in the southern circle towards the Anyer tourist area. And the industrial fringe centers in the southern ring of Cilegon such as Jakarta Cement, sand mining and so on. The territorial boundaries of Banjarnegara Village, Ciwandan District are as follows:

- North side : Kubangsari Village and Semangraya Village, Citangkil District,
- East side : Dringo Village, Citangkil District,
- Seb. South : Serang Regency,
- West : Tegal Ratu Village and Kubangsari Village

Banjarnegara sub-district with an area of +- 216 hectares (2.36 square), has a population of 8,060 people, consisting of 4,049 people, divided between men: 4,011 people and women numbering: 3,294 families. Covers an area divided into 20 RT and 4 RW. The majority of the population is Muslim. Banjarnegara Subdistrict is led by the Subdistrict Head, Mr. Nanung Eko Siswanto, SIP, who has served since 2023 until now.

Joint business groups (MSMEs. In general, HR development is defined as a series of systematic and planned activities designed by an organization to provide opportunities for its members to learn the skills needed to meet current and future work requirements (Gozali et al., 2021).



Figure 1. Map of Cilegon City and its areas

Source: Cilegon City Government

Based on the sociography of Ciwanda sub-district, especially Banjarnegara sub-district, most of the population's livelihoods are laborers or factory workers (laborers), traders, farmers, while others include civil servants, farmers, traders, craftsmen, breeders and so on. Most of them are industrial workers around Ciwandan, some farmers, laborers, and so on.

### **Cooperative**

A cooperative is an association of people who recognize the same needs among them, and these same needs are jointly sought to be fulfilled through joint efforts in a cooperative. So these people join voluntarily, out of awareness of the existence of mutual needs, so that in cooperatives there is no element of coercion, threats or interference from other parties, Widiyanti (2003:32). The definition according to Law No. 25 of 1992 is that Indonesian Cooperatives are comprised of people or cooperative legal entities that base their activities on the basis of kinship. The development of cooperatives in Indonesia from the past until now is not very encouraging. However, from the time it was first established until over time, cooperatives experienced rapid development, but recently people tend to prefer businesses that earn money instantly. In this case, knowledge about cooperatives has not yet fully reached teenagers and parents, especially millennials who do not yet fully understand Indonesian cooperatives.

The general understanding of a cooperative is an association consisting of people or cooperative legal entities which provides freedom of entry and exit as members, by working together in a family manner with its members (Law No. 12 of 1992 concerning Cooperatives). The members of a cooperative consist of chairman and members who have committed to carrying out their mandate to manage funds and production from their members.

### **Micro, Small and Medium Enterprises (MSMEs)**

Micro Businesses according to the Central Statistics Agency (BPS) micro businesses consist of workers under five people including unpaid family workers, whereas according to Bank Indonesia (BI Director Decree No.31/24/KEP/DIR/Date 5 May 1998) that businesses Micro is a business run by poor or near-poor people. For this reason, micro businesses are owned by local resources and have simple technology and easy business opportunities *exit* and *entry*. MSMEs in Indonesia are one of the priorities in national economic development. This is because these businesses are the backbone of the people's economic system which is not only aimed at reducing the problem of disparities between opinion groups and business actors, or alleviating poverty and absorbing employment. More than that, its development is able to expand the economic base and can provide a significant contribution in accelerating structural change, namely improving the regional economy and national economic resilience (Widjaja et al., 2018).

Several institutions or agencies and even laws provide definitions of MSMEs, including the Ministry of Cooperatives and Small and Medium Enterprises (Menekop and UKM), the Central

Statistics Agency (BPS), Decree of the Minister of Finance No16/KMK.016/1994 dated 27 June 1994, and Law no. 20 of 2008. The definition of MSMEs presented varies from one to another. According to the Ministry of State for Cooperatives and Micro, Small and Medium Enterprises (Menegkop and UMKM), what is meant by Small Enterprises (UK), including Micro Enterprises (UMI) are business entities that have a net worth of a maximum of IDR 200,000,000, - excluding land and buildings for business premises, and have annual sales of a maximum of IDR 1,000,000,000.-. Meanwhile, Medium Enterprises (UM) are business entities owned by Indonesian citizens who have net worth between IDR 200,000,000 to IDR 10,000,000,000, - excluding land and buildings (Mukhlis, 2020).

### **Community empowerment**

Human resources (HR) are not only a means of production but also a driver and determinant of the ongoing production process and all organizational activities. HR has a big role in determining the progress or development of an organization. Therefore, the progress of an organization is also determined by the quality and capability of its human resources. Thus, human resources are the most important asset in an organization or company, large or small (Sulistiyandari, Widiastuti, & Martini, 2017).

Community empowerment is a development process in which the community takes the initiative to start a process of social activities to improve their own situation and conditions. Community empowerment can only occur if citizens participate. A business can only be successfully assessed as community empowerment if the community group or community becomes a development agent or also known as a subject (Hadimin et al., 2020). Here the subject is the driving force, and not the beneficiary (Hadimin et al., 2020). *beneficiaries*) or just objects.

The active target of every development boils down to improving the quality of human resources (HR), because HR is both the subject and the object of development, which includes all activities of social life, which as human beings, from birth to adulthood, is required to participate in social activities. Therefore, the development of human quality must be an important concern. Currently, human resources in Nambo Udik village are better than before, but of course it is a priority to improve the quality of human resources themselves.

### **IMPLEMENTATION METHOD**

This activity was carried out for 60 days and mentoring and evaluation had been carried out for 4 weeks or 22 days, so there was still some time to provide mentoring using several method stages, including the following: (1) Providing an explanation (presentation) about the financial and production budget ; (2) MSME practice and visits, this visit focuses on the ability of MSMEs in preparing production and financial budgets and (3) Mentoring, MSME participants will be given

assistance in preparing production budgets, *feedback* activities in the future. The aim of this activity is for participants to know the mechanisms for preparing financial and marketing budgets and to be able to prepare budgets.

## WORK PROGRAM AND DISCUSSION

### Daily work program



Figure 2

KKM45 participants took photos together with BanjarNEGARA Subdistrict city government officials ready to carry out their service



Figure 3 Accompanied by Field Supervisor

- Assist village officials in compiling and tidying up files related to sub-district office administrative data
- Assist village officials in inventorying administrative data and other sub-district government services.

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- Helping PKK cadres in programs with Posyandu, Puskesmas and PKM related to maternal and child health in order to reduce the rate of malnutrition or what is called *stunting*. In the field of community welfare and youth organizations, namely by providing assistance to activities and participation



Picture 4. Interview with a hidden bean cake artisan



Figure 5. One of the cakes packing processes



Figure 6 Photos of learning activities and group photos

### **Weekly Program**

#### Mutual cooperation

- Time : Sunday
- Place : Field
- Objective : Reviving the spirit of mutual cooperation that has been passed down by our ancestors for decades and strengthening ties between residents and the 45 KKM-UNIBA 2024 groups.

#### Morning exercise and creative arts

- Time : Saturday, KKM45 carried out a mentoring program for MSMEs and PKK and Posyandu
- Place : Field and Posyandu
- Objective : Get used to a healthy lifestyle by exercising together with morning exercises and activities related to art and creation. which is the most important factor in the successful implementation of the KKM program in the Village.



Figure 7.

Activities while carrying out work programs Health by implementing PIN Polio and Posyandu

### **Strategy for Cooperative Development, Community Empowerment and MSMEs**

The method of this activity is carried out by explaining the potential that exists in each RT/RW in the Banjarnegara sub-district area, Cilegon city, which can be developed through cooperatives. Then there was a presentation about the importance of establishing cooperatives to help micro businesses in the community in the Banjarnegara sub-district, Ciwandan sub-district, Cilegon City, especially for business development by applying for cooperative loans. Types of loans in this program include: RTS (Target Household) target business start-up, business strengthening Non-RTS MSE targets include cooperatives, and business development, MSE and cooperative targets.

1. Loan administration fees/services: 0-6% per year
2. Loan term: 1 month – 24 months (2 years)
3. Type of business: trade, services, processing, agriculture
4. Loan installments: daily/weekly/monthly

The Community Economic Empowerment Institute (LPEM) was founded by the Mayor of Cilegon, to increase community income, UPT-PEM provides capital loans to communities for entrepreneurship. UPT-PEM was established with the aim of:

1. Empowering families/family members who do not work to be able to carry out productive economic business activities.
2. Growing and increasing business interest among people who are unemployed, poor and unemployed/laid off.

This program aims to increase the income of the poor (RTS), increase people's interest in doing business, and create strong and independent micro and small enterprises (UMK) and cooperatives with targets, RTS, MSEs and cooperatives. However, the Cilegon City government faces obstacles that can hinder the implementation of programs run by the Cilegon City government, such as:

1. People don't have the courage to take risks, so their business will not be successful. Entrepreneurship requires courage for business actors to be ready to face all risks if their business cannot run well. Business actors must be able to find solutions so that their business can run again.
2. Likewise, with high creativity, there are still many business actors in Cilegon City who do not have creativity so they cannot create innovations or ideas if their business ends up going bankrupt.
3. The people of Cilegon City lack the ability to look for opportunities. Meanwhile, in entrepreneurship, it is really needed, not only smart brains or large capital, but also an actor who can overcome the capital of Micro and Small Businesses that do not meet banking requirements (*non-bankable*)
4. Developing the potential of superior commodities for small businesses
5. Increasing access, meeting input needs, providing marketing media, developing market potential and also the results of hydroponic plant activities, planting medicinal plants and recycling waste which can provide economic value which so far these activities have not been running optimally. The existence of this cooperative will help and support residents' economic efforts. Apart from that, with cooperatives, residents can borrow funds for living needs or for other consumption. And what needs to be emphasized on this problem is the commitment of cooperative members to feel like they belong to the cooperative (Rahayu, 2019).

From the information on the number of MSMEs, five MSMEs were selected according to the target audience criteria, namely (1) MSMEs with a minimum of one year of business existence; (2) MSMEs have a minimum workforce of 2 people; (3) MSMEs have bookkeeping records of at least a single bookkeeper and (4) MSMEs have production process activities. Based on these criteria, 2 MSMEs were selected as target audiences, one main MSME and three representatives of other MSMEs as extensions. Other MSMEs as representatives are craftsmen of Nut and Umpet cakes, melinjo chips, jipang cakes and processing *pavling block*. Assistance and counseling on how to market products and on how to compete and improve business through digitalization and roles *ecommerce*.

The obstacles faced by MSMEs in Banjarnegara Subdistrict are classic, namely capital, marketing difficulties, business competition, limited managerial knowledge and quality of human resources. An internal factor that plays an important role in business is HR competency. HR development in MSMEs is often ignored, even though HR helps business development. So far, the training and assistance they have often received has been to increase their knowledge of marketing methods, production techniques, and financial recording. Meanwhile, the knowledge of MSME actors regarding HR management has received less attention. Managing human resources for MSMEs is an

important skill for entrepreneurs to have. HR management in MSMEs also includes recruitment, selection, placement, development, compensation (wages), retention, evaluation, promotion and termination of employment.

## **Discussion Results**

From several materials that have been provided, efforts are made to provide knowledge and the importance of roles in the field of cooperatives and human resources. So, it is hoped that MSMEs can prepare superior human resources in increasing their own HR competencies. Producing human resources who have expertise through improving their personal quality.

In counseling on the strategy for cooperatives and micro businesses, the first step is to provide an understanding of cooperatives and then make residents aware of the benefits provided by cooperatives if they are established and run. Many residents ask about how to set up a cooperative and its benefits. This cooperative itself also avoids the practice of mobile banking which can burden residents with interest on their loans. Currently, the practice of mobile banking still exists among residents in the Harapan Jaya sub-district area, Bekasi city. This discussion explains the legal basis for cooperatives in Indonesia, types of cooperatives, cooperative fees and their benefits.

Through the role and benefits that cooperatives obtain, they can support micro business activities in the creative economy, food industry, hydroponics, medicinal plants and waste banks. Apart from being savings and loans, this cooperative can also accommodate products resulting from activities that have economic value from community members. Hydroponic plants themselves can provide economic value if the results obtained are good and useful plants. Likewise with medicinal plants which are really needed by mothers as kitchen ingredients and herbal medicines as well as waste banks which are used to recycle plastic, cardboard and other waste into useful objects.

Apart from that, based on the stages of activities that have been carried out, community service activities for MSMEs in the Banjarnegara Village, Ciwandan District, have been carried out well. Increasing human resources can obtain good final results if implemented continuously. Because skills and abilities in HR management are continuous learning. Because MSMEs, especially micro-scale businesses, are unique from one business to another (Syukriah & Hamdami, 2013). Apart from HR management, HR competencies can continue to be developed following current developments. A very rapid development in this technological era is the digitalization of MSMEs.

## **CONCLUSION**

1. The benefit of cooperatives, apart from helping their members with various needs, is also to avoid the practices of *Banke* "mobile banks" and loan shark businesses that provide loans to the community at suffocating or very high interest rates. This illegal bank provides loans from house to house who need funds. Through the establishment of cooperatives, the practice of mobile

- banking can be minimized or even eliminated. Because residents can borrow from cooperatives and are subject to installments consisting of principal and remuneration of 10% (depending on the policy of each cooperative).
2. In relation to Community Empowerment and MSMEs, the target has been to be able to identify HR empowerment using digitalization, this can be seen when providing assistance. However, the target MSMEs do not yet have optimal capabilities in calculating business output requirements, so the calculation process takes quite a long time. Target MSMEs are relatively inappropriate in participating in marketing empowerment using digitalization for their businesses.
  3. Carrying out innovation strategies and *different product* (making unique or differentiating product breakthroughs in the implementation of MSMEs
  4. These obstacles include, among others, machete craftsmen due to raw materials, paving block makers and farmers and other MSME actors experiencing obstacles in capital, legal protection and product marketing competition.

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