



The Role of Multi Purpose Cooperative in Developing Economic Independence or SME's

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Abstract

Cooperatives are seen as one of the important instrument to improve economic and social conditions of societies, to arouse the spirit of initiative and improving the general knowledge and technical skills of the society. On the present cooperatives members are business people of small medium scale enterprises (SMEs) which need a guidance or development. The purpose of this study is to describe the role of cooperatives in small medium scale enterprises (SMEs) development. The method used is descriptive qualitative. Data collection techniques used are observation, documentation and interview. The results of research showed that KSU Padurenan Jaya is a multi-purpose cooperatives that has five business units i.e. save loan, store, embroidery service, marketing, research and development. KSU Padurenan Jaya was instrumental in developing the small medium scale enterprises (SMEs) embroidery and convection consists of (1) aspects of the market, by following the events of the exhibition or expo, online marketing, providing material needs in the cooperative store, and create innovative products according to consumer taste. (2) the aspect of technology, by socialization and demonstration of the use technology of embroidery machines, embroidery design with computer programs, internet information technology for promoting and marketing product, And to optimize the use of the machine by provide services embroidery using advanced machine in cooperation so that can improve the productivity and efficiency of the business. (3) the aspect of the capital, by providing save loan service with simple procedures, mentoring to access other sources of financing.

Key words : Role, Cooperatives, Development, Micro Small Medium Scale Entrepriise.

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INTRODUCTION

Any steps done by community to realize the ideals of economic independence, or known as "flipping the base into the back end (*membalik pangkal menjadi ujung kembali*)" in structural way changes the "colonial economy" into the national economy, this concept implies that by consciously shaping patterns, the national-based production (pattern of production) based on one's own country's resources is completely overlooked.

Manufacturing sector, without much known, is now increasingly dependent on out-of-state. Its behavior turns into *import dependent*. The high *import contents* in the products of our manufacturing is not only because of not building the economy in accordance with our natural resources (resources based), but also the influence of the bosses "*import-business*" which has economic interests in the micro, which is often at odds with macroeconomic restructuring efforts.

There are some roles of importers and bureaucrats group as foreign compradors, who consciously or unconsciously distort the efforts of macroeconomic restructuring activities. However, it is not impossible that the idea of restructuring is not well known or not is a real political will of our bureaucracy. Of the same way, we are inattentively the same as them in forming national consumption patterns. Therefore, public consumptions are increasingly dictated to consume goods and services which are full of imported-contents, which are of course at the expense of the national economy.

While the *Import mindedness* gets rampant, the consumptive *demonstration effect* becomes more severe as a result of the great wars and the advanced advertising market. Also, the magnitude of the

manufacturing sector's dependence on imports of-contents is one of the main causes of the financial crisis which greatly buries the national economy, specifically the large economy with all its continuously effects.

One of the major supporting pillar of the economy should be based on the principles contained in Pancasila so that there will be the strengthening of the economy of the people, namely cooperative. In line with this, the independence is formed by the populist economics axis which are able to break down and move the economy lower classes though. This is exactly what pushed the national economy to not be driven to economic globalization sector.

In some countries in Europe (Lang & Roessl, 2013) such as Estonia, Poland, Sweden, and Norway, cooperative plays an important sector in the empowerment of Housing, besides, in Kwali Nigeri, cooperative holds very important role instrumental in providing employment, empowerment of the poor community, and improving the capacity of farm (Innocent & JO, 2014). Moreover, the cooperative also greatly impacts and gives a very important role for the local economy in the United States (Zeuli & Deller, 2007).

The meaning in the sense of cooperatives has explained that the cooperative is a community economic movement. In this case, the cooperative will become the place of economic activities of the people which generally contains groups of middle to lower (poor). They are generally not possibly be accommodated on other entities such as Firm, CV, or PT. By having cooperative as the container, they will be able to develop their economic activities, so it can their income.

The previous phenomena of course come with a note: the cooperative must have the ability to nurture and develop their economic activities. Therefore, cooperatives should really be managed professionally to be able to become a

place of people's economic activities which is conducive. If this can be carried out at each of the districts, undoubtedly, the people poverty across Indonesia will gradually be alleviated.

When the cooperative is correctly and professionally managed, the people who become members of the cooperative will increase the standard of living in accordance with the purpose of the cooperative. What is meant by improving the living standard is the increase in economic capacity (income / purchasing power) and non-economic capacity (e.g. education and social). Along with the improvement of education and social abilities, they would be able to further increase their economic capabilities.

Regarding the above explanation, their economic capacities (income) will grow even greater. With increasing economic capacity (income), it is hoped that the inequality in income between small communities with middle to high society will be minimized. This means that inequality in income will be reduced by the increase in income of poor people who are fostered through the cooperative.

Cooperatives in Indonesia's economy is expected to play a role in improving the economic and social welfare of the members and the community by building and developing their economic potential. It is a business entity that is suitable to improve the welfare of society, as described in Law No.25 of 1992, "The cooperative is a business entity consisting of individuals or legal entities cooperatives, with the bases its activities based on the principle of cooperation as well as people's economic movement, which is based on family principles ". The explanation of the cooperative definition is in harmony with the Constitution of 1945 article 33, paragraph 1, which reads, "The Indonesian

economy is structured as a joint venture based on family principles", the agreement between article 33 of the 1945 Constitution with Law No.25 / 1992 becomes the foundation of the presence of cooperative which is considered appropriate to assist the economic development of society.

Hanel (2005) states that cooperative is seen as an important instrument to improve the economic, social and cultural, to arouse people's initiative and help to improve public knowledge and technical skills of its members. Again, cooperative enterprises is seen as the most good to encourage and support the growth of social economy.

The concrete manifestation of the people's economy is micro, small, medium enterprises (UMKM) which are mostly carried out by people or UMKM/ MSME people as an integral part of the national economy which has a great potential in moving the economic activities as well as a pedestal source of income for most people in improving the welfare. However, the development of UMKM/ MSME in Indonesia cannot be separated from a variety of problems.

According to research conducted by Winarni and Situmorang in the journal of Arief, it is stated that that the problems faced by UMKM/ SMEs are summarized as follows: (a) lack of capital, (b) the difficulty of marketing, (c) the simple organizational structure with a division of labor that is not standard, (d) the low quality of management, (e) limited and low quality of human resources, (f) mostly lack a bona fide financial statements, (g) the weak legal aspect, (h) the poor quality of the technology.

In Kudus, UMKM/ MSME is one sector which plays an important role in the regional economy. Accordingly, Bambang Tri Waluyo Plt, the Head of Department of Industry, Trade and Cooperation in Kudus District, in the interview dated February 22, 2016, stated that the UMKM/ MSME is an important sector in the economy

that contribute Kudus District. It could be said that Kudus Regency is booming through UMKM/ MSMEs. In 2015, there were as many as 13,847 UMKM/ MSME units consisting of various businesses producing goods and services. Moreover, UMKM/ MSME contribute to the GDP of Kudus District by 63% and was able to provide employment for 158,988 people.

One of the featured UMKM/ MSME in Kudus regency namely embroidery and convection which currently have 661 units of businesses with the production value reached Rp 80,917,404,7. Again, UMKM/ MSME of embroidery and convection are featured as the implementation of One Village One product program (OVOP) in Kudus and specifically create an UMKM/ MSME Cluster of embroidery and convection in the village of the District Padurenan Gebog.

The existence of UMKM/ MSME of Embroidery and convection in the village Padurenan plays role as the leading sector or economic basis that its existence is indispensable in the development of a region and could become a major driver of economic development in the village. As the dominant sector, UMKM/ MSME of embroidery and convection become the foundation of economic activities that is able to contribute in increasing income, employment, economic

development of rural communities. In addition, the summary is in the table 1.

The table 1 indicates that UMKM/ MSME of embroidery and convection in Padurenan Village are able to provide employment for 1491 people with the details of the embroidery business units to absorb as much as 376 and the convection absorbs as many as 1115 people. Alternatively, the labor force is largely from rural Padurenan people and the rests are from the surrounding villages. Meanwhile, the amount of the salary of an employee embroidery is Rp 720,000 and Rp 780,000 for convection employee per month. This indicates the presence of UMKM/ MSME of embroidery and convection in the village Padurenan could be a source of income and could build the economy.

In its development, however, the UMKM/ MSME of embroidery and convection in Padurenan are not be separated from the various obstacles or problems. Based on information collected from the catalog Profile of Padurenan, the problems encounter: (1) Lack of capital; (2) The limited variation of the product; (3) minimum sales promotion of information technology (such as: Embroidery website of the Holy typical); (4) The conventional system of marketing and sales; (5) no financial accounting by UMKM/ MSME that is BI standard, it is less eligible for capital loan assistance from BI.

Table 1. The Existence of UMKM/ MSME of Embroidery and Convection in Padurenan Village, Kudus

No	Business Units	Total (Unit)	Employee (People)	Average Salary (per month)
1	Embroidery	33	376	Rp 720.000
2	Convection	92	1115	Rp 780.000
Total		125	1491	

Source: Padurenan Productive Village Profile 2015 (processed in 2016).

It also was expressed by the Chairman of the Group I of UMKM/ MSME, Mr. Chalimi during the interview. He stated that some of the problems experienced by UMKM/ MSME of embroidery and convection in Padurenan namely (1) Capital, the majority of UMKM/ MSME have only working capital with minimum capital investment; (2) Model / variation is limited due to the lack of creativity of entrepreneurs, market demand and the quality of the embroidery motif which requires employers to develop their creativity; (3) Traditional ways on sales and marketing which are through the traditional sellers / collector; (4) Not technology utilization in marketing.

By looking at the various problems faced by UMKM/ MSME, the researchers are concerned for its development by regards that UMKM/ MSME are an integral part of the national economy which has a great potential in the community economic activities as well as a source majority of people in improving their welfare. Thus, any empowerment or developments are necessary of UMKM/ MSME. Such efforts can be important and crucial things to do to make UMKM/MSME be the strong, independent and develop into large businesses.

Law Number 20 Year 2008 on Micro, Small and Medium Enterprises describes the development as the effort made by the Government, Local Government, Business World, and the Society for empowering Micro, Small and Medium Enterprises through the provision of facilities, coaching, mentoring and help retrofitting to foster and enhance the capabilities and competitiveness of Micro, Small and Medium Enterprises. In line with this, Hafsah (2004) revealed the development of UMKM/ MSME, including the creation of a conducive climate, capital

assistance, Business Protection, Partnership, Training, Promotion, Cooperation. Again, Dirlanudin (2008) revealed that small business development is nothing but the empowerment that includes the creation of a conducive climate; training and development; financing; guarantee; partnerships; entrepreneurship development, so that the small business community is able to grow into a strong and independent businesses. On the one hand, Budiarto, et al (2015) revealed that when the UMKM/ MSME's problems are mapped, the solutions can be sought by the development of UMKM/ MSME in several aspects: (1) Aspects of the Market, (2) Aspects of technology and innovation, (3) Aspect Capital, and (4) Management Aspects.

As we become an agent in this economic matter, therefore, we must be careful to distinguish between the efforts of economic recovery (IMF and the neo-classical views) with Reformatory. Some views of such phenomena can be interpreted that the development of economic independence of UMKM/ MSME involves various parties, both the Central Government, Local Government, the Business and Society to participate actively to the development process, so does Cooperative. The cooperative as a business entity which conducts business with the goal of welfare of members in particular and society in general. By referring to the previous explanations, there is a phenomenon of the Multi-Purpose Cooperative (KSU) in Padurenan Village namely KSU Padurenan Jaya as the cluster management on UMKM/ MSME of Embroidery and Convection. As a cooperative cluster management, the cooperative is intended to be the real media that can be used to facilitate the development of economic independence and drive the implementation of OVOP (One Village One Product). On the other hand, the members of the cooperative are perpetrators of UMKM/ MSME

of embroidery and convection. That UMKM/MSME are leading sectors that contribute substantially to the economy of the society, but is still facing various problems or obstacles on its development.

Based on the above-mentioned description, in fact, thing to note is related to the role of cooperatives in which whether the cooperative could contribute to the development of UMKM/MSME, as well as the reality of undertaken cooperative activities so as to play a role in developing UMKM/MSME. Meanwhile, role is an action in the form of a series of efforts and activities run by cooperative due to its position as a society economic movement as well as a joint venture entity based on the principle of kinship and economic democracy, which is expected to influence the members of the community in accordance with the purpose of the cooperative. Role also shows the involvement of self or the participation of individuals and / or groups in making an effort to reach a certain goal on obligatory tasks and must be done in accordance with the position.

RESEARCH METHODS

This study used a qualitative approach with descriptive methods. Therefore, this research will answer any symptoms or phenomena based on the research focus namely the role of Padurenan Jaya Multi-purpose cooperative (KSU) in developing UMKM/MSME of embroidery and convection.

The data used were primary and secondary data. Primary data were obtained using interview and observation techniques. The main data source or informant was the cooperative board (Mr. Suwito, Mrs. Sudarminah, and Mr. Karadenan) by considering informant involvement in or associated directly with the problem being

researched and most know the operational activities related to cooperative efforts. However, the researchers also involved other informants to give further support and strengthen. In this case, the researchers employed the cooperative members by considering their involvement and tasks to do in cooperatives by the numbers of 10 informants. Passive participation observation was also done by observing the activities carried out by the cooperative in daily operations. Moreover, Secondary data were obtained by the study of documentation on cooperative documents namely document Management Report, Consolidated Annual Members Meeting (RAT), reports Business Unit, photo documentation of the cooperative activities.

Data validation of this study was pursued by having credibility / reliability test by method of triangulation. Triangulation is a technique used to validate any data by utilizing any sources beyond the data. Such technique sources used in this study were the comparison of the results of observation, interviews with the contents of the documents related. Moreover, test of Transferability was also applied to have indication about the degree of accuracy or applicability of the results to a population in by which samples were taken. It was done by writing research report in the form of theses and published scientific journals which include details, clarity, systematic and trustworthiness. Further, dependability test was also conducted to meet the validity criteria of dependability. It was done by the researchers by making a trail of field activities (field notes) that was attached to the back page of the thesis in the form of documentation of data collection, observation, documentation, interviews with informants, the research permit and a certificate of research results. The last, Confirmability test was done to meet the validity of confirmability criteria. To pursue this, the researchers tested the findings of the study by having lecturer or test examiner to

assess the results of the study and then deciding the agreement of the results.

Data analysis techniques in this study was done by using an interactive model that goes on continuously until complete by using data analysis, namely collection, data display, data reduction, conclusion drawing / verifying. Basically, data collection is realized by searching various forms and types of data related to the focus of the research problem, using certain techniques to the data in the field. In this study, the data collected were data from Padurenan Jaya Multi-Purpose Cooperative (KSU) development, UMKM/MSME development data, the data and information of various business activities conducted by cooperative. In collecting the data, researchers used observation, interview and documentation study. After grouping the data, the researchers filtered the prospective and appropriate data for this study, while the unimportant data were eliminated so as to make no obstacle in data analysis of this study. The results of data reduction that the authors sorted into then grouped based on the formulation of the problem. Meanwhile, presentation of data in this research was done in the form of charts and narrative text descriptions that described various programs or activities to develop economic independence of UMKM/MSME of Embroidery and Convection in the village of Padurenan conducted by Padurenan Jaya Multi-Purpose Cooperative (KSU). After the presentation of the data, then the next step was the conclusion (Verification).

RESULTS AND DISCUSSION

Padurenan Jaya Multi-Purpose Cooperative (KSU) is a cooperative established in the village of Padurenan Gebog

District of Kudus. It was established since the implementation of the program OVOP (One Village One Product) in Kudus which later was developed into productive village of UMKM/MSME Cluster Embroidery and Convection. The cooperative serves as Cluster Management which is intended as the real media that can be used to facilitate the development of economic independence and the drive the program implementation.

The Vision of Padurenan Jaya Multi-Purpose Cooperative namely "to make Padurenan village as tourist cluster that has the productivity and competitiveness of the high industry, for can be a motor for economic growth in surrounding villages."

Regarding the above vision, Padurenan Jaya Multi-Purpose Cooperative's missions are as follows:

1. To empower communities in Padurenan productive village to be religious, creative, productive, have business ethics and high social capital people;
2. Promote the active involvement of government officials in the development of physical / infrastructure and relevant stake holders in improving the competitiveness of industrial embroidery and convection so that it can support the establishment of cluster embroidery and convection in Padurenan productive village;
3. Encourage the growth of a wide range of supporting industries and business networks that work together to improve the competitiveness of clusters embroidery and convection in Padurenan productive village.

In order to achieve the main objective of a cooperative, it is required a container to organize all the activities and the programs of the cooperative. Such container is realized in the form of cooperative organizational structure. The organizational structures is necessary to

distinguish the boundaries of authority and responsibility which systematically indicate the relationships between these elements therein.

Padurenan Jaya Multi-Purpose Cooperative is a multi-purpose firm so that it has a wide range of business types. As for the type of business conducted by the categorization of job divisions as follows:

1. Division of Savings and Loans, as a container for the collection of members' capital in the form of capital Principal, Mandatory, Voluntary and Special Deposits. Also, can further be distributed in the form of loans to members in the form of a loan and so on.
2. Store Division, cooperative has a shop provider of raw materials and auxiliary materials to meet the needs or requirements of members in production. They are in the form of various kinds of fabrics, sewing thread, embroidery thread, double penguin, buttons, zippers and other sewing supplies. The price offered can be lower than the grocery store in the market.
3. Services Division Embroidery, Embroidery services cooperative serve members who

may be experiencing overbooked and unable to work on his own and thus require relief embroidery services from the cooperative. Embroidery services in a cooperative are supported by computerized embroidery machines and skilled workers that can work effectively and efficiently.

4. Marketing Division, to further encourage and improve product marketing of cooperatives by providing a display of products like shop located strategically to be visited by the consumer. As technology advances, the cooperative also develops online marketing through websites and social media.
5. Development and Training Division, to develop the ability to design and product quality, also facilitate cooperative members with a variety of training, study, discussion and so forth so that members of the cooperative have the capability and quality of human resources competitiveness.

Padurenan Jaya Multi-Purpose Cooperative (KSU) members are the villagers of Padurenan village who are mostly businesses embroidery and convection. Over the past five years running, in the table 2 indicate the development of cooperative members who are classified by type of business.

Table 2. The Members of Padurenan Multi-Purpose Cooperative Based on the Types of Businesses

Year	Types of Businesses			Total Members
	Embroidery	Convection	Others	
2010	31	45	8	84
2011	32	60	9	101
2012	32	60	11	103
2013	32	65	11	108
2014	35	65	13	113
2015	42	74	19	135

Source: Annual Members Meeting Reports year 2010-2015 (processed in 2016)

Based on a preliminary analysis of the study or the SWOT analysis, the researchers draw the following conclusions:

A. Strength

The strength of the cooperative is having a lot of manpower, by the fact that the Padurenan Village area is a kind of large village of vocational producer of embroidery and convection in Kudus. Next is the good work ethic in UMKM/ MSME clusters Padurenan.

B. Weakness

In contrary strength, Padurenan UMKM/ MSME cluster have a couple of problems that must be faced, including the weakness of the capital structure of UMKM/ MSME, poor management of businesses, the inadequate level of capability and professionalism of UMKM/ MSME, less innovative management, less in mastery of the technology, difficulty to determine the core business.

C. Opportunity

In tune with the strengths and weaknesses so when seen from competitors of embroidery and convection other than UMKM/ MSME clusters of Padurenan, it can be described (1) a strong political will from the government Kudus regency and demands growth of society of Gebog Sub-district to further establish UMKM/ MSME, (2) economic conditions which are sufficient to support the existence UMKM/ MSME, (3) the existence of market opportunities for the commodities produced by UMKM/ MSME, (4) the investor who wants to cooperate with UMKM/ MSME, (5) the potential areas of support in the implementation of the activities of UMKM/ MSME.

D. Threats (Threats)

However, despite of the opportunities there are also threats, among others, (1) intensive competition, (2) the role of science and technology is increasing, (3) there is a lack of trust for mutual cooperation with economic agents and between UMKM/ MSME, (4) The limited deployment and the provision of technology for UMKM/ MSME, (5) the existence of a free market MEA, (5) Lack of access to infrastructure and facilities available in the region, such as financial institutions, production and marketing.

Based on these analyses, then the Padurenan Cooperative takes chances and consistently strives to optimize the business performance of UMKM/ MSME in the cluster of Padurenan. According to the findings, this study aimed to determine and describe the Padurenan Jaya Multi-Purpose Cooperative's roles in developing UMKM/ MSME in the village of Padurenan, Kudus District. The role is an action in the form of a series of efforts and activities run by cooperative due to its position as a society economic movement as well as a joint venture entity based on the principle of kinship and economic democracy, which is expected to influence the members of the community in accordance with the purpose of the cooperative. The role also shows the involvement of self or the participation of individuals and / or groups in making an effort to reach a certain goal on a task that has an obligation and must be done in accordance with the position.

Padurenan Jaya Multi-Purpose Cooperative (KSU) as a cooperative which is located in the village of Padurenan or, the village which are developed into a Productive Village of UMKM/ MSME Cluster of Embroidery and garment. On the one hand, cooperative members themselves are the perpetrators of UMKM/ MSME of embroidery and convection. Therefore, cooperative action is expected to be a driving

element and ability enhancement of UMKM/ MSME. Moreover, cooperatives are expected to play a role in developing UMKM/ MSME. The development of UMKM/ MSME should be targeted, for there is a need for any strategies and concrete steps so that the comprehensive and synergistic development of UMKM/ MSME can be achieved (Budiarto.dkk, 2015: 19).

In collecting the data, researchers directly went into the field to get the data and information needed in research. The methods used were observation, documentation and interview. After the data collected then reduction is done for then being presented. The following are descriptions of the findings of the data and information in the study.

The Role of Cooperatives in Developing Market Aspects of Micro, Small, Medium Enterprises (UMKM)

Aspects of Market Development Activities in UMKM/ MSME are aimed at strengthening the priority markets to penetrate any existing markets and minimize the *barrier to entry* to the market. One way that is achieved is by improving market information. The market information is typically in form of associated information related to products or commodities such as product types, product prices, consumer tastes, as well as related information such as the sourcing of production factors and raw material prices. Padurenan Jaya Multi-Purpose Cooperative (KSU) does encouragement of access information of the factors of production markets by providing a store that sells a wide range of business support materials of embroidery and convection. In addition, the encouragement of product or commodity market information is realized by holding an exhibition which can provide product information or desirable

consumer demand. Therefore, it was done as follows:

1. Improving market information

Market information is usually related to any product or commodity information such as product types, product prices, consumer tastes, as well as related information such as the sourcing of production factors and raw material prices. Padurenan Jaya Multi-Purpose Cooperative conduct activities to improve the information access of input markets by providing a store that sells a wide range of business support materials embroidery and convection. Meanwhile, for the product or commodity market information is realized by conducting exhibition which can provide product information or desirable consumer demand.

2. Launching innovative products

Padurenan Jaya Multi-Purpose Cooperative produces innovative embroidery and convection such as embroidery on the hood, *mukena*, wallets, Bali sarong, factory uniforms, school uniforms or student organizations and others. In the creation of innovative products, previously, cooperative also performed detection of any changes in consumer tastes towards the results of the exhibition and some orders can also be used to see the review of the convection and embroidery products that consumers want now. This is consistent with the theory revealed by Budiarto.dkk (2015) that in order to launch innovative products in accordance with the taste of the market, stakeholders are expected to help to detect and anticipate changes in consumers' tastes by creating innovative product design according to the market.

3. Joining exhibition events both inside and outside the city on a national scale.

4. Doing online marketing activities of products through the website. However, this activity is not implemented maximally, for, currently, there have been more training and cooperation with the government agencies such as the Department of Cooperatives and UMKM/MSME and the private sectors such as the University of Muria Kudus, Semarang Private University and Telkom to give trainings with regards online shop.
5. Cooperative has built a building to be used as a showroom and designed like a supermarket which will originally be used to display and sell the products of UMKM/MSME, but is still in the process of preparation of the fixtures and fittings. These results are consistent with the theory that disclosed to Budiarto.dkk (2015) that for both the development / expansion of target consumers, stakeholders are expected to play a role through joint marketing, improve the promotion and others.

Some activities of economic independence development of UMKM/MSME's aspects of the market that have been done by Padurenan Jaya Multi-Purpose Cooperative apparently contribute good affect for the development of UMKM/MSME of embroidery and convection in Padurenan Village, while the outputs of those activities are as follows:

1. The products of UMKM/MSME of embroidery and convection of Padurenan village are well known inside and outside the city, and became famous among the people.
2. The production of various types of embroidery and convection in accordance with the wishes of consumers and keep abreast of trends.

3. The existence of an online shop website with regards the embroidery and convection products of Padurenan village.
4. The invention of UMKM/MSME's trademark in embroidery and convection.
5. Reaching the marketing of embroidery and convection products venturing out of the city in Central Java such as Jepara, Demak, Semarang, Solo, Yogyakarta, until the other provinces such as East Java, Bali and Mataram.
6. Increasing product orders of embroidery and convection both in small and large scale.

The Role of Cooperatives in Developing Technological Aspects of Micro, Small, Medium Enterprises (UMKM)

Technology is an important element in the development of UMKM/MSME. The UMKM/MSME will not develop without any adoption and development of technology, in this case the appropriate technology. By referring to the weaknesses of UMKM/MSME in general, it appears that the technological aspects still need to be strengthened. In line with this, by the help of technology, some problems can be solved; for example, in production and marketing. Moreover, Padurenan Jaya Multi-Purpose Cooperative (KSU) undertakes technological development activities of UMKM/MSME of embroidery and convection by socialization and demonstration, as well as optimizing the use of technology.

Padurenan Jaya Multi-Purpose Cooperative (KSU) in develops the technological aspects of by performing the following activities:

1. Socialization and demonstration of the use of technology

This activity is performed in cooperative production room which has advanced computer embroidery machine. Next, the UMKM/MSME came to the cooperative and then, accompanied by production expert and

production employee who described how the engine works. The use of computer programs was also presented there (Wilcom Embroidery Studio) to create a design motif embroidery. There is also training about the use of internet technology and social media for online shop. These results supported by the theory stated by Budiarto.dkk (2015), that one of the ways of technology retrofitting efforts is through socializing the benefits of new technologies by all stakeholders, especially intended for targeted UMKM/ MSME. By the dissemination and demonstration, new useful technologies can be disseminated and immediately applied to UMKM/ MSME.

2. Providing Computer Embroidery Services

The use of technology development activities in the production process are aimed at increasing the productivity of UMKM/ MSME of Padurenan Jaya Multi-Purpose Cooperative (KSU) which has Embroidery Services Business Unit. The cooperative provides computer embroidery using embroidery machine with the scale of lots production. This is done because many UMKM/ MSME are still limited in the machine, but receive many orders or even excess orders that are not suitable to do, so they are delegated or done by the cooperative. Thus, by utilizing this Embroidery Service further increase the effectiveness and efficiency of the production of the UMKM/ MSME can be achieved. Such cooperatives and UMKM/ MSME are in line with the pattern of subcontracting which is mostly done by small and large industries such as small industrial convection shirts of Dagadu Jogja. The results of many studies reveal that the patterns of subcontracting are able to contribute benefit for both small and

large industrial industries. Moreover, subcontract patterns provide some opportunities. First, the opportunity to maintain business continuity of production; Second, opportunity for the emergence of new entrepreneurs; The third opportunity to promote the business (Budiarto, et al, 2015).

The Role of Cooperatives in Developing Capital Aspects of Micro, Small, Medium Enterprises (UMKM)

One of the supporting factors which are quite important in the business continuity and increase of productivity as well as business efficiency is the availability of capital. In the ideal level, the capital used should come from private property. In fact, UMKM/ MSME do not have enough capital to run their business. Loans eventually became the temporary address of the problem. Meanwhile, in reality, UMKM/ MSME still regard the Bank as an institution that is not easily accessible or difficult to access. It is, therefore, necessary to find solutions in the form of effective financial institutions for UMKM/ MSME and create ideal pattern of loan / financing for UMKM/ MSME, one of which is by making cooperative as an institution that reflects the social and economic principles. Thus, Padurenan Jaya Multi-Purpose Cooperative conducts activities in order to develop the capital aspect of UMKM/ MSME of embroidery and convection in Padurenan Village.

Padurenan Jaya Multi-Purpose Cooperative develops their capital aspect of embroidery and convection by the following efforts:

1. Savings and Loans Service

This effort is specifically addressed by the Business Unit Savings and Loans with easy and simple procedures. The procedures namely, UMKM/ MSME come directly to cooperative and fill out the form for then the money will be immediately disbursed.

Meanwhile, the payback period can be done with installment per week, per month up to a maximum of two years or it could be paid for with a number of net income (SHU) owned by members. However, until now, the ability of cooperative in lending to UMKM/ MSME is still weak, it is known from the allocation of capital in the cooperative savings and loan business unit which is relatively small, amounting to 15% of the total capital. Then, the large amount of loans received by UMKM/ MSME is slightly few that is between Rp 1,000,000 to Rp 5,000,000.

2. No Direct Monitoring of the use of credit / loan

Cooperative management is based on an element of trust, namely because the cooperative members are business people who are basically UMKM/ MSME businessmen who need loans for working on the capital improvement. It of course makes loans being used for their business continuity purposes, and not for the benefit of other consumption.

3. Assistance

Assistance is directed to improve any accesses to the bigger sources of capital. Therefore, the cooperative facilitates UMKM/ MSME to access finance information to the Bank of Central Java.

The way Padurenan Jaya Muti-Purpose Cooperative develops their UMKM/ MSME of embroidery and convection is by providing savings and loan services that are specifically handled by Business Unit Savings and Loans. Unfortunately, until now the ability of cooperative in lending to the UMKM/ MSME or its own members is still weak, it is considered by the allocation of capital in the cooperative savings and loan business unit which is relatively small. Then, the magnitude

of the amount of loans received by members or UMKM/ MSME are still few and only to the extent of the loan which could be used to supplement working on capital business operations. Meanwhile, the payback period can be done by having installment per week, per month up to a maximum of two years or it could be paid for with a number of net income (SHU) owned by members.

The study found that Padurenan Jaya Multi-Purpose Cooperative in developing UMKM/ MSME capital aspect of embroidery and convection, Padurenan village provides services that are specifically handled by Business Unit Savings and Loans with simple procedures by requiring the client to directly come to the cooperative. This is consistent with the theory argued by Ridwan in Budiarto (2015: 113) that the lending institutions must have procedures that are simple and practical, but still pay attention to the aspect of prudence. The simplicity of the procedure is the key to success in providing services to small and micro businesses. Apart from that, for UMKM/ MSMEs, the credit should be interpreted as a stimulus and capital injections which are temporary. Moreover, the Lending should encourage production which ultimately will increase the capitalization of the business (Budiarto.dkk, 2015: 111).

Ideally, financing activity should be accompanied by mentoring or monitoring. This activity is carried out with the aim to monitor the use of credit, repayment of installments as well as increased access to financing sources. Regarding this issue, this study found that Padurenan Jaya Multi-Purpose Cooperative does not do direct monitoring to monitor the use of credit / loan. The Cooperative members only emphasize on an element of trust, namely because the cooperative members are business people who are basically UMKM/ MSME businessmen who need loans for working on

capital improvement, of course loans given by the cooperative are used for business continuity purposes they are not for the benefit of other consumption.

While the mentoring aimed at improving the access to larger capital sources, the cooperative conducts of business administration training such as financial bookkeeping. Also, Padurenan Jaya Multi-Purpose Cooperative facilitates UMKM/MSME to access finance information to the Bank of Central Java in order to increase the capacity of financing services, as well as network development can be applied using the pattern of *linkage program*, that is the use of micro-finance institutions or cooperative as a liaison of bank financial institutions with UMKM/MSME directly.

In accordance with the increase of the capacity of financing services, as well as network development which is applicable with the *linkage program* pattern, the micro-finance institutions or cooperative as the

liaison of bank financial institutions with MSMEs directly are used. It is done by several steps. The first step is to conduct cooperative business administration training such as financial bookkeeping so that UMKM/MSME will have the ability and meet the requirements of access to capital sources. The pattern of the linkage as shown in the figure 1.

From the figure 1 *Linkage Program* pattern, it can be seen that UMKM/MSME are directly related to the general bank commercial banks, rural banks, or to cooperatives. On the other hand, any network constraints commonly experienced by UMKM/MSME to public banks can be eliminated by the presence of many rural banks and cooperatives which are scattered across the town / village (Budiarto.dkk, 2015: 115). It is also in line with the findings of Ogisi et.al (2007: 69-77) that cooperatives provide a positive and significant influence which can enhance the growth and development of UMKM/MSME in the furniture sector and convection in the Delta City of Nigeria.

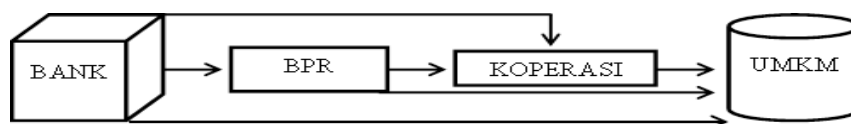


Figure 1. The Pattern of *Linkage Program* of Financial Institution

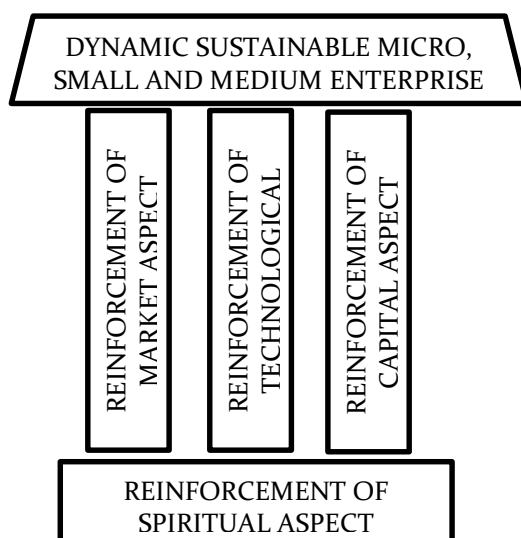


Figure 2. The Aspects of Economic Independence Development of UMKM/MSME

Based on the research that has been done and described above, it is found that Padurenan Jaya Multi-Purpose Cooperative performs various program activities in developing UMKM/ MSME of embroidery and convection. The activities are aimed at the development of economic independence of UMKM/ MSME which are going to be driven on several aspects: (1) Aspects of the Market, (2) Aspects of technology and innovation, (3) Capital Aspect, and another matter which performs as the foundation to give anchor and direction namely the spiritual aspect that is the spirit and motivation and also sublime ethics in doing business. Those are realized in the figure 2.

CONCLUSION

Padurenan Jaya Multi-Purpose Cooperative (KSU) develops UMKM/ MSME of embroidery and convection on aspects of market by conducting activities which are carried out by following a national scale exhibition events, online marketing with a website for selling, procurement of showrooms in the cooperative's supermarket (still in the preparation process.) Other market development activities are by providing access to market information by providing supporting materials for the needs of embroidery business and cooperatives in cooperative's store, and producing innovative products of embroidery and convection. Further, Padurenan Jaya Multi-Purpose Cooperative (KSU) develops UMKM/ MSME of embroidery and convection on technological aspects. The adopted technology is chosen based on its appropriateness to the embroidery and convection UMKM/ MSME that is in the form of activities such as socialization and

demonstration of the use of embroidery technology with advanced computer embroidery machines, embroidery motif design with a computer program, as well as the use of Internet technology and social media for online marketing. Again, the activities also optimize the use of the machine by providing embroidery services using advanced machine in cooperative so as to improve the productivity and business efficiency. Padurenan Jaya Multi-Purpose Cooperative (KSU) develops UMKM/ MSME of embroidery and convection on a capital aspect in a project to provide savings and loan services with simple procedures, but the ability remains weak because of the little capital owned. Then, the magnitude of the amount of loans received by members or UMKM/ MSME can only be used to supplement the working capital of business operations. Regarding the earlier explanation, the cooperative does not monitor directly related to the use of loan funds. However, assistance is done to improve access to other funding sources such as the Bank. There are several steps in accomplishing this purpose. The first step is the training of business administration / accounting records. Meanwhile, for the future of the Padurenan Jaya Multi-Purpose Cooperative (KSU) there is a need for the development of the UMKM/ MSME resource capabilities in order to be dynamic and pay more attention to strengthening the aspects of the market, strengthening the technological aspects, strengthening the capital structure, which use the strengthening of the spiritual aspects as the fundamental basis that currently characterizes the Gebog District society especially Padurenan Village in preserving its religiosity.

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