

DOI: <https://doi.org/10.31933/dijemss.v5i4>

Received: 25 March 2024, Revised: 12 April 2024, Publish: 15 April 2024

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Knowledge Management-Based Efforts To Improve MSME Performance (Credit Union Intervention for MSME Actors in Sikka Regency)

Yustina Olivia Da Silva¹, Tobias Joni Temu², Paulus Libu Lamawitak³

¹ Universitas Nusa Nipa, Maumere, Indonesia, yustinaoliviadasilva@gmail.com

² Universitas Nusa Nipa, Maumere, Indonesia, temujoni231@gmail.com

³ Universitas Nusa Nipa, Maumere, Indonesia, paul.unipamof@gmail.com

Corresponding Author: yustinaoliviadasilva@gmail.com

Abstract: This study aims to analyze the benefits of developing Knowledge Management strategies in an effort to improve the performance of MSMEs. Another aspect that receives attention in this paper is the role of credit cooperatives and the government as a catalyst for a joint movement to improve and strengthen the role of MSMEs in the regional economy. The method used is descriptive-qualitative with a literature study approach. The author tries to explore various sources related to the material of this writing. From the results of the literature study, it was found that the implementation of knowledge management needs support from credit cooperatives and local governments. The cooperative is a joint forum for MSME players to help each other in reducing various costs in the MSME business process. Meanwhile, the government is an important entity in ensuring the implementation of various government programs for the empowerment of cooperatives and MSMEs and ensuring that the implementation of various regulations relating to MSMEs is carried out carefully and on target.

Keywords: Performance; MSMEs; Knowledge Management.

INTRODUCTION

On May 5, 2021, the Coordinating Ministry for Economic Affairs confirmed via a press release that MSMEs are an important pillar in the Indonesian economy. Based on data from the Ministry of Cooperatives and SMEs, the number of MSMEs currently reaches 64.2 million with a contribution to GDP of 61.07% (Limanseto, 2021). Realizing the importance of MSMEs in supporting the Indonesian economy, on October 1, 2022, the Coordinating Ministry for Economic Affairs of the Republic of Indonesia again issued a press release with the title "The Development of MSMEs as a critical engine of the National Economy Continues to Receive Government Support". The basis of this press release is the president's directive to carry out the development of MSMEs to upgrade and Modernize Cooperatives. This presidential directive is not without reason. How could it not be! The role of MSMEs is

very large in supporting the growth of Indonesia's national economy with the number reaching 99% of all business units (Limanseto, 2022).

After the Covid 19 pandemic, MSMEs have experienced an increase of 84.8% after being hit by Covid 19. Through several funding schemes for the National Economic Recovery (PEN), many MSMEs were then able to bounce back from their slump. The press release stated that the development of MSME loans continued to increase and NPLs were maintained stable. MSME credit has increased to Rp.1,275.03 trillion or grew 16.75% (yoy). Likewise, NPLs are maintained at around 4%. The latest position in April 2022 NPLs amounted to 4.38%. (Limanseto, 2022)

There are two important entities that want to be examined further in this paper, namely cooperatives and MSMEs. Cooperatives and MSMEs are like two sides of a coin. They cannot be separated. In certain situations, cooperatives are then seen as the mother house for MSMEs. In the midst of various uncertain climatic phenomena and temperamental economic situations, the existence of MSMEs is a necessity.

At the local level of Sikka district, the growth of MSMEs from year to year continues to increase.

Table 1. Data on the number of MSMEs in Sikka Regency

No	Description/Year	Amount
1	2018	5.074
2	2019	5.154
3	2020	25.000
4	2021	25.958
	Total	61.186

Source: Department of Trade, Cooperatives and SMEs Sikka Regency, 2021

The data in table 1. above shows that the number of MSMEs in Sikka Regency from year to year has increased quite significantly. The peak of the increase in MSMEs occurred in 2021 where it is known that 2021 is a year full of challenges due to the effects of the high spread of covid 19 throughout Indonesia and Sikka district in particular (Dinas Perdagangan Koperasi dan UKM Kab, 2021).

In this paper, we specifically discuss one of the ways that can be used in the process of maintaining the growth and development of MSMEs in Sikka Regency. So far, there have been many activities and efforts undertaken both by the local government through the Industry, Trade and Cooperatives Office and MSMEs as well as by several parties concerned with the development of MSMEs in Sikka Regency. Catalyzing the growth and development of MSMEs requires a more specific and comprehensive method. One method that can be an alternative is a knowledge management-based method.

The term knowledge management can be interpreted as knowledge management. Knowledge is an invisible capital of an organization. The economic value of knowledge is the creation of high performance, profits for investors and a good career path for employees (Kurniawati, 2002). Knowledge used in organizations is usually a combination of two important factors, namely human capital and information. Human capital produces human competencies that include knowledge, imagination, intuition, education, skills and experience. All of these factors become a trigger for the emergence of various formulas that are solutive for various problems in the organization (Kurniawati, 2002).

In a simpler way, knowledge management can be interpreted as the management of knowledge which, according to Bergeron in Darudiatto & Suryadi (2013) is defined as the ability to capture, store and selectively access work-related knowledge and decision making from managers and employees for individual or group actions (Darudiatto & Suryadi, 2013).

Cooperatives as an organization require knowledge management to improve their organizational performance. The extent of the assistance system carried out by the

government or related parties for the improvement and development of MSME performance is the focus of this paper. This paper provides alternative methods of improving and strengthening MSMEs amid various advances in digital technology. After all, the existence of MSMEs is one of the pillars of the regional economy.

METHOD

This research uses a qualitative descriptive method with an observation and literature study approach. This research activity is more of a literature study by reviewing various sources relevant to the theme and research title. The literature explored relates to the basic concepts of cooperatives, MSMEs and Knowledge Management. The specific locus that became the object of this research is MSMEs in Sikka district with general data from the Department of Industry Trade Cooperatives and MSMEs of Sikka district. The data used in this research is secondary data obtained from various literatures.

RESULTS AND DISCUSSION

Implementation of Knowledge Management in MSMEs in Sikka Regency

MSME actors are the main entities in the Knowledge Management(KM) process. Preliminary data shows that MSME actors in Sikka district experience a significant increase every year. For this reason, it should be noted that this growth is also accompanied by the strengthening of MSMEs in terms of finance and strategy. As the main factor in business, MSME actors need to gain some important knowledge related to rational efforts they can make to improve MSME business growth. The knowledge they have goes through a process and comes in different types or ways. As explained in the previous chapter, there are several ways to obtain or gain knowledge.

First, Tacit Knowledge. This knowledge model is knowledge gained in everyday life in carrying out a job. This model or level of knowledge is obtained in various activities of daily life. There may be a mismatch between the experience gained and the knowledge needs that should be obtained. At this level, all observed experiences can be learned as a source of knowledge without distinguishing between what is necessary and what is not. The results of the literature study show that daily associations can have a significant influence on entrepreneurial interest (Widyatmika et al., 2019).

This type of knowledge will become explicit knowledge when communicated to other parties. Second, Explicit Knowledge. This type of knowledge is knowledge that has been codified and is easier to obtain because it is already in written form in the form of graphs or other writings. Third, Shared Knowledge. This knowledge model is knowledge that grows in a particular community and can be shared with community members. This means that mature knowledge can reach a certain community group and become a source of knowledge that has a generally accepted level of validity (Widyatmika et al., 2019).

The knowledge referred to here is knowledge about the business world, which can be learning material for MSME actors so that there is a process of shared knowledge between MSME and cooperative actors. This knowledge sharing is also one of the spirits built and revived in cooperatives with a family spirit. Cooperatives as a forum that gathers financial strength andfraternity (brotherhood) can be a catalyst for the development of MSMEs through the development of good and targeted knowledge management.

Literature studies also show that the development of MSMEs through knowledge management has significant and positive results on company or MSME performance (Cahyaningati et al., 2022).

Credit Union Intervention; Sustainable Financial Empowerment

Empowerment of MSMEs requires many elements. One element that already has a footprint to support the growth of MSMEs is the Credit Union. Credit cooperatives are one of the institutions that have concern for the growth and development of MSMEs.

As an institution whose members are individuals or cooperative legal entities with membership as its main principle, cooperatives simultaneously have a calling to empower their members. One form of empowerment carried out by credit cooperatives is through education and training for their members who are MSME actors.

Departing from the purpose of the cooperative, which is to improve the welfare of members in particular and society in general, the cooperative has several roles for members and society in general (Nugroho et al., 2014):

1. Cooperatives increase income. People's income generally depends on business activities or from wages for other types of work. In view of the cooperative as a common platform for members, the role of finance for business development for members is needed. With the joint efforts of MSME players, credit cooperatives can provide financial support in the form of credit for MSMEs to develop their businesses;
2. Cooperatives increase employment. There are two main roles of cooperatives in relation to employment. As far as the researcher has observed, cooperatives have a very positive effect in terms of employment. Many job seekers are accepted as workers in credit cooperatives. In addition, with the development of MSMEs, it can open up wider employment opportunities among young people who understand business in the digital era.
3. Cooperatives improve people's lives. Business activities that target the lower middle class are a potential market. For this reason, if the development of MSMEs is carried out seriously and purposefully, the opportunity to improve living standards becomes increasingly open.
4. Cooperatives equalize income. In cooperatives, the principle of kinship is the pulse of the cooperative movement. For this reason, if MSMEs that receive financial and literacy assistance from cooperatives will become a family that will jointly strive to increase income

In addition to the role of cooperatives for MSME actors above, there are also several possibilities for expanding the role of cooperatives for MSME actors. Citing research conducted by (Nugroho et.al, 2014). There are several roles of cooperatives, namely:

1. Provide training and financial literacy for MSME players under the guidance of credit cooperatives.
2. The principle of cost efficiency is one of the important considerations in business. For this reason, the existence of a cooperative as a joint forum can be an alternative to reduce production costs, distribution costs and other costs. The role of the cooperative here is to be a common platform to reduce the costs mentioned above to be borne together. Thus, it can reduce the costs that must be borne individually by MSME actors.
3. MSMEs engaged in production can obtain raw materials jointly or collectively with cooperatives as a forum.
4. With the existence of cooperatives, MSME actors psychologically feel that they are not walking alone in navigating the business world.

If you read some of the important roles of cooperatives above, it is possible for cooperatives to provide sustainable interventions in the development of MSMEs. Cooperatives are not only a provider of capital but also a forum for MSME actors to share with each other, especially in various costs such as costs for the production process, distribution and marketing of products/services.

Cooperatives and Government as Means of Empowerment for MSMEs

The government has a very important role in the process of developing and improving the quality of MSMEs. One of the central roles of the government in this process is to take on the role of guidance and protection of MSMEs. Cooperation between the government and cooperatives in empowerment efforts for MSMEs is needed in this digital age. Digital literacy is needed to help MSME players market their products through digital platforms. This is important to reach the market. Digital reach can be wider. Greeting many consumers and the market is getting wider.

This important role of the government is carried out based on the mandate of the Law and Government Regulations. Its implementation can be seen in article 2 paragraphs 1 and 2 of PP number 17 of 2013 as the implementation of Law No. 20 of 2008 concerning Micro, Small and Medium Enterprises which reads (1) "the government and regional governments in accordance with their authority carry out the empowerment of Micro, Small and Medium Enterprises" (2) Empowerment of Micro, Small and Medium Enterprises as referred to in paragraph 1 is carried out by a. Business development; b. Partnership; c. Licensing; d. coordination and control (Nugroho et al., 2014).

The obstacle that is often faced is the very large number of MSME actors. For this reason, the presence of cooperatives as government partners is very urgent. Cooperatives as a collective movement have reached many areas, especially in Sikka district. Almost all areas have been reached by cooperatives. This has become a major economic force. It remains for the government and credit cooperatives to build partnerships to establish a strong empowerment foundation for MSMEs.

CONCLUSION

The process of empowering MSMEs will continue to ensure the sustainability of MSMEs in the future as the economic power of the people. For this reason, further and measurable cooperation is needed by stakeholders such as the government and credit cooperatives.

One method that can be empowered by cooperatives and the government is to develop the *knowledge management* (KM) aspect. This factor is important because it can help MSME players to share knowledge about the business world, about empowerment, about hope, about a better future. All these aspects can work well if there is a forum that accommodates all their hopes. Cooperatives are an important and effective forum to help MSME players to develop their businesses. There will be many benefits felt by members and MSME players with the *knowledge sharing* method.

To get to this stage, good cooperation is needed between all parties, especially the government and cooperative actors who have a moral concentration on the development of MSMEs. Thus, it is hoped that there will be significant changes in efforts to improve MSMEs to a higher and more competitive level

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