



**International Journal of Education, Social Studies,
And Management (IJESSM)**

e-ISSN : 2775-4154

Volume 4, Issue 2, June 2024

The International Journal of Education, Social Studies, and Management (IJESSM) is published 3 times a year (**February, June, November**).

Focus : Education, Social, Economy, Management, And Culture.

LINK : <http://lppipublishing.com/index.php/ijessm>

**The Role of Savings and Loan Cooperatives in the Development
of Micro, Small, and Medium Enterprises (MSMEs)
(A Case Study on Sibotolungun Savings and Loans Cooperative
(KSP) in West Medan District)**

Ripho Delzy Perkasa¹, Dwi Safitri², Ismanora Lubis³, Zaki Aimansyah⁴

^{1,2,3,4} State Islamic University of North Sumatra, Medan, Indonesia

ABSTRACT

The aim of this research is to identify the role of the Sibotolungun Savings and Loans Cooperative (KSP) in the development of Micro, Small and Medium Enterprises (MSMEs) in Medan Barat District and to determine the efforts of the Sibotolungun Savings and Loans Cooperative (KSP) in empowering the community economy in Medan Barat District. This research was conducted using qualitative analysis methods with data collection techniques through observation, interviews and documentation. The number of informants involved in this research was 4 people consisting of 1 KSP Sibotolungun employee and 3 MSME entrepreneurs. The results of this research show that: 1). The Sibotolungun Savings and Loans Cooperative (KSP) acts as a provider of capital financing for MSMEs, which contributes to economic growth and as an alternative savings institution other than banks. 2) KSP Sibotolungun's Efforts to empower the community's economy are carried out through providing counseling and Assistance to increase sales, so that entrepreneurs can remain competitive in the market.

ARTICLE INFO

Article history:

Received

22 March 2024

Revised

27 April 2024


Accepted

25 May 2024

Keywords

Doi

Corresponding

Author 

Role, Credits Cooperative, Micro Small Medium Enterprises (MSME)

[10.52121/ijessm.v4i2.336](https://doi.org/10.52121/ijessm.v4i2.336)

riphodelzyperkasa@uinsu.ac.id

INTRODUCTION

The economic development in Indonesia is based on Pancasila as the state foundation. The practice of the fifth principle, which encompasses justice for all Indonesian people, aims to develop the economy and enhance economic growth in alignment with equitable development and its outcomes. This is intended to create prosperity that is just for all Indonesian people within an economic system structured as a collective effort based on familial principles. One of the government's initiatives to boost the Indonesian economy is through the development of cooperatives. Cooperatives are joint business entities in the economic field, aimed at liberating their members from common economic

difficulties they face (Sartika Partomo, 2004). Cooperatives consist of individuals typically economically disadvantaged, who voluntarily join based on equality of rights. They are obligated to undertake efforts aimed at fulfilling the needs of their members (Ladjin, Litriani, Sahamony, Kusumaningrum, Maulina, Siregar, Hubbansyah, Solikin, Silitonga, Soeyatno, Asyari, Sinaga, 2022). Micro, Small, and Medium Enterprises (MSMEs) are one solution for overcoming poverty in Indonesia. As the largest part of the national economy, MSMEs serve as an indicator of community participation in various economic sectors.

Historically, MSMEs have been dependable as supports during crises through job creation and added value. The success of enhancing MSME capabilities will reinforce community economies. This will help accelerate national economic recovery processes and represent real support for regional governments in implementing governance autonomy. The progress and advancement of MSMEs are highly reliant on the MSME stakeholders themselves. However, external support is also important given limitations in capacity and other factors affecting MSME existence and sustainability. Various challenges facing MSMEs in conducting their activities and growth include weak capitalization, insufficient entrepreneurship, rudimentary production techniques, and limited management and marketing abilities. The lack of capital capacity is one of several factors that hinder MSMEs' progress. This issue should be able to be reduced or even eliminated with the support of various parties such as government and financial institutions, besides the efforts of MSME practitioners themselves (Yuli Rahmini Suci, 2008).

It is hoped that savings and loan cooperatives can assist people in meeting capital needs, especially for productive activities. This needs to be supported by appropriate government policies. With Government Regulation No. 9 of 1995 concerning the Implementation of Savings and Loan Cooperative Business Activities, it is clear that to increase cooperative income and welfare, savings and loan activities need to be developed so that savings and loan cooperatives and/or units can grow. One cooperative that often provides business capital assistance to MSME practitioners in West Medan is the Sibotolungun Savings and Loan Cooperative (KSP). Consistent with its goal of supporting community economic empowerment, this cooperative often provides mentoring to MSME practitioners to help develop their businesses. Since its establishment in 2015, KSP Sibotolungun has obtained legal status from the Ministry of Cooperatives and SMEs. To date, the cooperative remains active in providing mentoring to MSME practitioners, in addition to providing business capital loans and driving the local economy in that area. Initial observations indicate that many MSME practitioners

have obtained capital from KSP Sibotolungun, enabling them to survive during the pandemic.

RESEARCH METHODE

This research is qualitative because the issues discussed are complex, dynamic, and meaningful. The study is designed to evaluate the extent of the role of savings and loan cooperatives in empowering SMEs in the West Medan district.

Object & Subject of Research

The object of this research is the role of Savings and Loan Cooperatives in empowering SMEs in the West Medan district. The subjects of the research include individuals, objects, or organizational entities that are studied and will form the basis for conclusions drawn from the research. In this study, the subjects are employees of the Sibotolungun Savings and Loan Cooperative (KSP) and SME entrepreneurs in West Medan who have borrowed capital from the cooperative.

The subjects in this study consist of two groups:

a. Employees of Savings and Credit Cooperative (KSP) with the following criteria:

- 1) Employees at the Savings and Credit Cooperative (KSP) Sibotolungun.
- 2) Have knowledge about the roles and work programs of the Cooperative.
- 3) Willing to participate as informants.

b. Micro, small, and medium enterprises (MSMEs), with the following criteria:

- 1) Have been operating an MSME business for a minimum of 2 years.
- 2) Have previously borrowed business capital from the Sibotolungun Savings and Loan Cooperative (KSP).
- 3) Willing to participate as an informant.

The number of subjects in this study is 4 people, consisting of 1 employee from KSP Sibotolungun and 3 MSME actors appointed by KSP Sibotolungun because they have previously borrowed business capital from the cooperative.

Data Sources

The data sources used in this research are as follows:

Primary Data

Primary data is information obtained or collected directly in the field by the researcher or the party in need. This primary data is obtained from informant sources, such as individuals or individuals, such as interview results conducted by researchers. Primary data includes: Interviews & Observations.

Secondary Data

Secondary data is information obtained or collected by researchers from existing sources. This data is used to support primary information that has been obtained, such as from libraries, literature, previous research, books, and others. In this study, secondary data is used to support and complement primary data in the form of documents or reports as evidence of activities carried out by KSP. This secondary data includes information on the number of loans at the Savings and Credit Cooperative (KSP) Sibotolungun located in Medan Barat District.

Data Collection Techniques

Data collection techniques are the most crucial steps in research because the primary objective of research is to obtain data. Without understanding data collection techniques, researchers will not achieve data that meets the established standards. Data collection is carried out through observation, interviews, and documentary study, which includes personal and official documents, photographs, recordings, images, and informal conversations as sources of qualitative data. These data collection techniques can be explained as follows: Observation, Interviews, and Documentation.

Data Analysis Techniques

Data analysis in qualitative research is conducted during the data collection process and after the completion of data collection within a specified period. During interviews, researchers analyze respondents' answers. If these answers, after analysis, are still deemed unsatisfactory, researchers will proceed with additional questions until obtaining data considered credible. Activities in data analysis include data reduction, data presentation, and drawing conclusions/verification.

RESULT AND DISCUSSION

The Role of Savings and Loan Cooperatives in the Development of MSMEs in Medan Barat District

The following are the roles of savings and loan cooperatives for the community that cannot be found in other financial institutions.

As Business Capital

The following are the results of interviews with employees and three MSME actors from KSP Sibotolungun regarding the role of KSP in the development of MSMEs as business capital at KSP Sibotolungun on March 16, 2024:

W: First, can you tell us how KSP Sibotolungun helps MSMEs in Medan Barat?

Mr. Arfan: KSP Sibotolungun provides business capital to MSMEs that have become cooperative members. This capital is very helpful for them in developing

their businesses, especially during weak economic conditions. We also simplify the loan process with requirements that are easier compared to banks.

Mr. Ridho: That's right. I joined KSP Sibotolungun in 2015. The capital I received was very helpful in expanding my small shop business. The loan process was easy and the interest rates were very low.

Mr. Amar: I joined in 2016 and run a small garment business. The capital from the cooperative was very helpful in purchasing raw materials. This cooperative is different from banks, which often require collateral and various other conditions. Here, the process is easier and faster.

Mr. Abdillah: I also experienced great benefits from this cooperative. My culinary business improved after receiving a capital loan from KSP. The loan process was very easy, unlike at banks which require many documents and collateral.

W: Did you encounter any difficulties in the loan application process?

Mr. Ridho: Not at all. I just needed to fill out the data as a prospective member, and there were no complicated requirements like at the bank. This is very helpful, especially for those of us with small businesses.

Mr. Amar: That's right, the process is very simple. I just needed to become a cooperative member and didn't have to meet various complicated conditions.

Mr. Abdillah: Yes, that's correct. The process is fast and doesn't require collateral. This is very helpful for those of us who need funds quickly.

W: Is the capital provided sufficient for your business needs?

Mr. Ridho: Yes, it's sufficient. I can expand my business and the turnover has also increased. Moreover, the low interest rates really help us manage our business finances.

Mr. Amar: The capital provided is sufficient to purchase raw materials and expand the business. This cooperative truly supports us.

Mr. Abdillah: That's right, the capital I received has been very helpful in increasing production and sales at my culinary business.

W: Is there anything else you would like to add?

Mr. Ridho: I really appreciate KSP Sibotolungun. They truly support us small business operators. Without their help, I might not be able to survive in tough times like these.

Mr. Amar: I also feel very helped. This cooperative really cares about its members and helps us grow.

Mr. Abdillah: I hope KSP Sibotolungun continues to support MSMEs like us, because their assistance means a lot to us.

Mr. Arfan: We are committed to continuing our support for MSME actors. Their success is also our pride.

Based on the interviews with KSP employees and three MSME operators, it can be concluded that KSP Sibotolungun plays a crucial role in supporting the development of MSMEs in the West Medan District. The cooperative simplifies the process of obtaining capital loans with easier requirements and lower interest rates, unlike banks. The capital assistance from KSP Sibotolungun has helped MSME operators in expanding their businesses, increasing their turnovers, and surviving during difficult times. KSP employees also demonstrate a strong commitment to continue supporting MSMEs in the region.

One of the efforts by Savings and Loan Cooperative (KSP) Sibotolungun in empowering the local economy of its members is by providing business capital. Providing capital to MSMEs is one way to empower them so that they can sustain themselves, especially in times of economic hardship like the current situation. The amount of capital assistance disbursed by KSP Sibotolungun to MSMEs in West Medan can be seen in the table below:

Table 1.
Amount of Capital Disbursed by Savings and Loan Cooperative
(KSP) Sibotolungun

No.	TYear	UMKM Total	Amount of Capital Distributed (Rp)	Amount of Capital Returned (Rp)
1	2015	75	Rp 90. 250.000	Rp 80. 160.000
2	2016	82	Rp 105. 320.000	Rp 88. 670.000

Source: Research Results, processed (2016)

Based on the data above, the number of MSMEs registered as members of Savings and Loan Cooperative Sibotolungun continues to increase each year, along with the distribution of business capital. This indicates that KSP Sibotolungun is capable of assisting MSME operators by providing capital loans, as the cooperative's basic capital also comes from mandatory savings and member contributions (Pertiwi et al., 2013). Individuals wishing to borrow capital from the cooperative only need to become members by completing comprehensive data as prospective members during registration. In contrast to banks, which impose numerous and often more stringent loan application requirements, such as business legality and collateral. To obtain capital loan funds from cooperatives, individuals do not need to meet various complicated requirements.

In providing capital, banks also consider the size of the business being operated and whether it is eligible to receive a loan or not, with many criteria to be met. Cooperative loans facilitate their members who need funds to expand their businesses, meet family needs, and more (Rohmat, 2016). Cooperative loans help their members avoid the trap of bank debt or loan sharks, thereby

contributing to poverty alleviation. The loan process in cooperatives is relatively easy with low interest rates. The process and requirements are also straightforward and without any collateral. However, members borrowing funds are encouraged to repay installments on time and use the funds for genuinely essential purposes.

Boosting Economic Growth

Here are the results of interviews with four sources from the Savings and Loan Cooperative (KSP) Sibotolungun regarding the increase in economic growth at KSP Sibotolungun on March 16, 2024:

W: How does KSP Sibotolungun help MSMEs in West Medan to boost economic growth?

Mr. Arfan: KSP Sibotolungun plays a crucial role in providing business capital to MSMEs that are members of the cooperative. This capital greatly assists them in expanding their businesses, especially during economic downturns. By providing capital loans, we not only help their businesses grow but also contribute to overall economic growth.

Mr. Ridho: That's right. I joined KSP Sibotolungun in 2015. The capital I received has been very helpful in developing my small shop business. The loan process was also easy and the interest rates were very low, allowing me to focus on expanding my business without worrying about high interest burdens.

Mr. Amar: I joined in 2016 and run a small garment business. The capital from the cooperative has been instrumental in purchasing raw materials and expanding my business. This cooperative is different from banks, which often require collateral and various other requirements. Here, the process is easier and faster, which greatly supports the growth of my business.

Mr. Abdillah: I have also benefited greatly from this cooperative. My culinary business has improved after receiving a capital loan from KSP. The loan process was very easy, unlike banks that require a lot of documents and collateral. With this assistance, I have been able to expand my business and increase income.

W: Why do you think many MSME operators still do not utilize cooperatives as business partners?

Mr. Ridho: One reason is that the number of savings and loan cooperatives supporting MSME groups is still limited, so their access is very restricted.

Mr. Amar: Many of us are reluctant to become cooperative members because we have to pay initial deposits and mandatory monthly savings, which are seen as burdensome.

Mr. Abdillah: Additionally, there is a lack of trust in cooperative management. Many of us are unaware of the benefits of cooperatives that can support our

business activities. Some cooperatives also fail and go bankrupt due to mismanagement, which makes us hesitant to join.

Mr. Arfan: Indeed, there are many challenges faced by MSME operators in utilizing cooperatives. At KSP Sibotolungun, we strive to overcome these challenges by providing better services, simplified procedures, and ensuring the security of members' savings.

W: What are the advantages of KSP compared to other financial institutions?

Mr. Ridho: The interest rates on loans in cooperatives are lower because cooperatives prioritize the welfare of their members over seeking profit.

Mr. Amar: The loan application process in cooperatives is easier compared to banks, which have complex administrative requirements.

Mr. Abdillah: The repayment periods for loans in cooperatives are also longer, and the service provided is very satisfying.

Mr. Arfan: We also provide direct counseling to members to help them improve their businesses. This is part of our commitment to supporting economic growth and the welfare of our members.

W: Is there anything else you would like to add?

Mr. Ridho: I really appreciate KSP Sibotolungun. They truly support us small business operators. Without their help, I might not be able to survive in tough times like these.

Mr. Amar: I also feel very helped. This cooperative really cares about its members and helps us grow.

Mr. Abdillah: I hope KSP Sibotolungun continues to support MSMEs like us, because their assistance means a lot.

Mr. Arfan: We are committed to continuing our support for MSME operators. Their success is also our pride.

Based on interviews with KSP employees and three MSME operators, it can be concluded that KSP Sibotolungun plays a crucial role in supporting the development of MSMEs in West Medan, contributing to economic growth. The cooperative facilitates easy access to business capital with simpler requirements and low interest rates. Despite challenges such as the limited number of cooperatives and lack of trust among MSME operators, KSP Sibotolungun endeavors to overcome these issues through improved services and secure deposit guarantees. The capital assistance provided by KSP Sibotolungun has helped MSME operators expand their businesses, increase revenue, and withstand difficult times. KSP employees also demonstrate a strong commitment to continuing support for MSMEs in the region.

The presence of cooperatives is a strategic step in supporting the growth of the SME sector, especially small and medium enterprises. Facing demands to

produce new and high-quality products, small and medium enterprises often encounter major obstacles such as funding (Arnawa, 2014). This underscores the importance of cooperatives in providing capital assistance to SMEs, thereby contributing to national economic growth improvement (Sakum et al., 2021). Generally, one of the main obstacles for micro and small entrepreneurs is financing sources, which are closely tied to income or sales growth. Individuals or group members engaged in economic activities, especially trade, always strive to maximize their income potential. There are many reasons why few MSME operators utilize cooperatives as business partners and additional sources of capital. These reasons include:

1. Limited number of savings and loan cooperatives supporting MSME groups, resulting in restricted access.
2. Reluctance to become cooperative members due to mandatory initial deposits and monthly savings considered burdensome.
3. General reluctance to form cooperatives due to lack of trust in cooperative management.
4. Lack of awareness about the benefits of cooperatives that can support their business activities.
5. Many cooperatives fail and go bankrupt due to mismanagement, reducing trust among some MSME operators toward cooperatives.
6. Few cooperatives are able to prosper their members, thereby failing to attract interest in joining.
7. Lack of security guarantees for their deposits in cooperatives affects their interest in becoming cooperative members.

To address the challenges faced by MSMEs, cooperatives offer entrepreneurs the opportunity to borrow funds to develop their businesses. Based on surveys of members who have borrowed from cooperatives, they state that cooperatives offer several advantages compared to other institutions:

1. Low loan interest rates, prioritizing member welfare over pure profit-seeking.
2. Simplified loan application procedures compared to banks, which have complex administrative requirements.
3. Long loan repayment periods.
4. Satisfactory service.
5. Direct counseling from cooperatives to members to help improve their businesses.

Alternative Money Storage Outside Banks

Here are the results of the interviews with four sources from the savings and loan cooperative (KSP) Sibotolungun on March 16, 2024:

According to Mr. Arfan, an employee of the cooperative at KSP Sibotolungun, "I am pleased to see that the savings services at KSP Sibotolungun provide significant benefits to our members. The advantage of high deposit interest rates and low taxes proves that cooperatives can be an attractive alternative for saving money."

Mr. Ridho, a UMKM practitioner at KSP Sibotolungun, stated, "The savings services at KSP Sibotolungun have been very helpful in managing my business finances. With higher interest rates and an easy process, I feel more assured and can focus on developing my business."

Similarly, Mr. Amar, another UMKM practitioner at KSP Sibotolungun, commented, "I am satisfied with the savings services at KSP Sibotolungun. The higher returns and ease of the process make me comfortable storing my money in the cooperative. This provides security and helps me plan for the future."

Mr. Abdillah, also a UMKM practitioner at KSP Sibotolungun, added, "The savings services at KSP Sibotolungun provide significant added value for me. With higher interest rates and low taxes, I feel more advantaged compared to keeping money in a bank. This helps me manage my business finances and prepare savings for the future."

From these interviews, it can be concluded that the savings services offered by KSP Sibotolungun provide an attractive alternative for members to manage their finances. With higher deposit interest rates and lower savings interest taxes, KSP Sibotolungun is able to offer significant benefits to UMKM practitioners and its members. Security, convenience, and ease of process are also additional values of this service. Overall, these non-bank savings services help members plan their financial futures better and support the development of their businesses.

In addition to providing business loans, the Savings and Loan Cooperative (KSP) Sibotolungun also offers savings services for its members. Members can deposit savings directly at KSP Sibotolungun while repaying the business loans they have taken. There are two advantages of cooperatives that are not found in banks, namely higher deposit interest rates and lower savings interest taxes in cooperatives compared to banks. In terms of benefits, cooperatives offer more advantages than banks, making them an attractive investment choice. The process of becoming a KSP member involves saving money as member capital, which will be refunded when members leave or resign from the cooperative. The cooperative's goal is not only to seek profit but also to ensure that the cooperative and its members do not incur losses. This is done by paying dues regularly and repaying installments on time, so that the cooperative can operate without loss. Deposits made will be used as a source of productive, guaranteed, and safe loan

funds. In addition, these savings can also serve as retirement savings, where the amount will increase over time.

Efforts of Savings and Loan Cooperatives to Empower the Community Economy in West Medan District

Providing Business Counseling and Support

Here are the results of interviews with four sources from the savings and loan cooperative (KSP) Sibotolungun regarding business counseling and support provided at KSP Sibotolungun on March 16, 2024:

Mr. Arfan, as an employee of the cooperative at KSP Sibotolungun, stated, "As part of KSP Sibotolungun, we are deeply committed to empowering the local economy in Medan Barat District through various efforts of business counseling and support. Our programs are designed to assist MSMEs in managing their businesses more effectively and sustainably. We have seen positive outcomes from these efforts, but we are also aware that there are challenges that need to be addressed. We continue to strive to improve our services to provide better support to MSME entrepreneurs."

According to Mr. Ridho, a MSME participant of KSP Sibotolungun, "The empowerment program by KSP Sibotolungun has truly helped my rattan craft business. The counseling and mentoring provided have enhanced my skills in financial management and the use of local raw materials. However, I hope there will be more training opportunities to help us cope with intense competition. Overall, the efforts of KSP have been very beneficial for the development of small businesses like mine."

Meanwhile, according to Mr. Amar, an MSME participant of KSP Sibotolungun, "I feel greatly assisted by the counseling and business mentoring program provided by KSP Sibotolungun. With the support of financing and training in natural resource management, my culinary business has been able to thrive better. Nevertheless, I hope KSP can offer more intensive guidance to help us effectively apply the knowledge gained. This program is highly beneficial, and I hope KSP continues to expand and enhance their services."

Similarly, Mr. Abdillah, an MSME participant of KSP Sibotolungun, stated, "The KSP Sibotolungun program has helped me improve my seafood processing business through financing and business mentoring. Counseling on financial management and the use of local raw materials has greatly enhanced the efficiency of my business. The biggest challenge remains access to broader markets, and I hope KSP can assist more in online marketing. This empowerment effort is highly beneficial, and I hope it continues to grow and expand."

These responses indicate that the empowerment program of KSP Sibotolungun is well-received and has a positive impact on MSME participants.

Despite challenges and hopes for further improvement, MSME participants feel that this program is highly beneficial for the development of their businesses.

The establishment of cooperatives aims to assist entrepreneurs, especially MSMEs. According to an interview with Mr. Amar, the short-term goal of cooperatives is to empower and enhance MSME businesses. Cooperatives play a crucial role in community economics, generally known as institutions closely linked to grassroots economies. All cooperative development activities aim to empower cooperative institutions to improve member welfare. The Cooperative and Microenterprise Agency provides coaching, entrepreneurship training, online marketing, and financial management to enhance human resources quality in the MSME sector (Wahyuningsih, 2009). Empowerment focuses on enhancing skills, knowledge, and individual empowerment to influence their own lives and others. Many MSMEs participate in training programs organized by the Cooperative and Microenterprise Agency of Surabaya City to develop their businesses. Sibotolungun Savings and Loan Cooperative (KSP) empowers MSMEs in three ways:

1. **Financing:** Financing products assist in developing MSME member businesses. KSP Sibotolungun provides financing to MSMEs that often use local natural resources as their main raw materials. With this financing, MSMEs can increase their production and product quality, thereby enhancing the added value of local natural resources. For example, culinary entrepreneurs using local agricultural products or craftsmen using raw materials from local forests.
2. **Training and Support in Natural Resource Management:** Through entrepreneurship and financial management training provided by KSP Sibotolungun, MSMEs are taught how to manage natural resources more efficiently and sustainably. This training includes optimal utilization of natural resources without harming the environment, enabling businesses to grow sustainably.
3. **Savings:** Members can set aside daily profits for savings, aiding gradual business development. These savings can be used to purchase necessary natural resources for production.
4. **Management:** Assisting MSMEs lacking capital to develop their businesses. Thus, KSP Sibotolungun helps enhance the efficient and effective use of natural resources.

Empowerment by KSP Sibotolungun includes:

1. **Establishing industry centers based on local natural resources (SDA):**
KSP Sibotolungun strives to create industry centers aligned with community skills and based on local natural resources. For example,

establishing craft centers using rattan or bamboo from nearby forests, or seafood processing centers in coastal areas. These industry centers help boost local economies and maximize the potential of existing natural resources (Fadliansyah et al., 2022).

2. Preference for Sharia financial institutions in providing financing:
KSP Sibotolungun also collaborates with Sharia financial institutions in providing financing. These institutions typically support businesses based on sustainable utilization of local natural resources, in line with Sharia principles of environmental preservation and economic justice.
3. Utilizing local materials for MSME income:
One of KSP Sibotolungun's strategies for MSME empowerment is the utilization of local materials. Using local natural resources such as agricultural products, forest products, and marine resources not only helps reduce production costs but also supports the local economy and ensures the sustainability of these resources. This helps MSMEs remain competitive and enhances the welfare of surrounding communities. Utilizing local natural resources can improve the quality and quantity of MSME products, while reducing transportation costs and unnecessary resource use (Finasri & Triani, 2023).

However, KSP Sibotolungun has not fully optimized in establishing industrial centers and utilizing local materials. There are inhibiting factors in empowering MSMEs:

1. Internal: Human resource capacity is not yet optimal, with limitations in member support. Internal constraints such as insufficient human resource capacity in optimizing natural resource management can be addressed through intensive training and mentoring. KSP needs to continually enhance members' skills in natural resource management.
2. External: The presence of numerous banks and other cooperatives in West Medan offering financing services creates intense competition. The abundance of banks and cooperatives offering financing services creates stiff competition. To overcome this, KSP Sibotolungun needs to highlight their strengths in SDA-based financing and provide better services. To enhance member trust in the cooperative, KSP Sibotolungun needs to be transparent in fund management and provide deposit security guarantees. Additionally, they can explain how prudent SDA utilization can bring long-term benefits to businesses and the environment.
3. The utilization of natural resources (SDA) in West Medan District is also a crucial aspect in empowering the local economy. Integrating SDA into

cooperative activities can enhance the competitiveness and sustainability of SMEs.

Examples of SDA utilization include:

1. Agriculture and Plantation: Local crops such as rubber, oil palm, and other agricultural products can be processed and marketed as regional flagship products. Cooperatives can assist in the processing, marketing, and distribution processes.
2. Fisheries: Areas rich in fisheries resources can utilize fish catches as raw materials for the seafood processing industry. Cooperatives can provide training and processing facilities to enhance the value-added products.
3. Handicrafts: Resources like bamboo, rattan, and wood can be used to create high-value handicrafts. Cooperatives can support members with product design training, business management, and marketing.
4. Ecotourism: The natural tourism potential in the surroundings of West Medan District can be developed into attractive tourist destinations. Cooperatives can manage tourism facilities, provide support services, and promote these tourism areas. With integrated efforts and appropriate support, cooperatives can play a more effective role in empowering the local economy in West Medan District, improving the welfare of members, and reducing poverty in the area. To alleviate poverty, it is necessary to expand UMKM's access to financing facilities from formal and micro financial institutions (MFIs) (Wulansari et al., 2021). By linking economic empowerment efforts through KSP Sibotolungun with the utilization of natural resources, we can see how the integration of microfinance and natural resource management can drive sustainable economic growth and enhance community welfare in West Medan District.

CONCLUSION

Based on the research, processing, and analysis of data, several conclusions can be drawn:

1. The role of Sibotolungun Savings and Loan Cooperative (KSP) in the development of SMEs in West Medan District includes providing business capital, improving economic growth, and offering savings services outside of banks. Business capital is a critical element in business activities, and with adequate capital, entrepreneurs can expand their businesses further. The capital provided to SME players consists of loans with specific terms.
2. The efforts of Sibotolungun Savings and Loan Cooperative (KSP) in empowering the local economy in West Medan District include providing capital to SME players, conducting counseling, mentoring, and searching

for sales markets for SME products. This helps SME players to sustain themselves, especially during the pandemic.

REFERENCES

- Fadliansyah, Marwiyati, & Adi, R. (2022). Peran Koperasi Simpan Pinjam dalam Upaya Pengembangan Usaha Mikro Kecil dan Menengah (UMKM) di Kabupaten Aceh Barat (Studi Kasus pada Koperasi Simpan Pinjam (KSP) Mandiri Jaya Meulaboh). *Jurnal Ilmiah Basis Ekonomi Dan Bisnis*, 1(1), 72–90. <https://doi.org/10.22373/jibes.v1i1.1562>
- Finasri, F., & Triani, M. (2023). Analisis Pengaruh Kualitas Sumber Daya Manusia Koperasi dan Infrastruktur Ekonomi Terhadap Pertumbuhan Ekonomi di Indonesia. *Jurnal Kajian Ekonomi Dan Pembangunan*, 5(2), 49. <https://doi.org/10.24036/jkep.v5i2.14857>
- Ladjin, Litriani, Sahamony, Kusumaningrum, Maulina, Siregar, Hubbansyah, Solikin, Silitonga, Soeyatno, Asyari, Sinaga, A. (2022). *Www.Penerbitwidina.Com Wwww.Penerbitwidina.Com*.
- Pertiwi, H. K. W. A., Gani, A. J. A., & Said, A. (2013). Peranan Dinas Koperasi dan UKM Dalam Pemberdayaan Usaha Kecil Menengah Kota Malang (Studi pada Dinas Koperasi dan UKM Kota Malang). *Jurnal Administrasi Publik (JAP)*, 1(2), 213.
- Rohmat, A. B. (2016). ANALISIS PENERAPAN PRINSIP-PRINSIP KOPERASI DALAM UNDANG-UNDANG KOPERASI (Studi Undang-Undang No. 25 Tahun 1992 dan Undang-Undang No.17 Tahun 2012). *Jurnal Pembaharuan Hukum*, 2(1), 138. <https://doi.org/10.26532/jph.v2i1.1424>
- Sakum, S., Arif, M., Sugianto, M., Riau, U. I., Kusnandar, E., Midisen, K., ..., Sanger, J. P., Waliyunisa, W., Syawali, H., Toni, A., Muhlis, S. H. I., Pertiwi, R. S., Herianingrum, S., Muhtadi, R., Muhammad, M., Efendi, Y., Anwaro, S., Sumantri, A. Y., & Fauzi, A. (2021). Potensi Baitul Maal Wat Tamwil (BTM) Dalam Meningkatkan Pertumbuhan Ekonomi. *El-Wasathiya: Jurnal Studi Agama*, 6(2), 34. <http://ejournal.kopertais4.or.id/mataraman/index.php/washatiya/article/view/4638%0Ahttp://ejournal.kopertais4.or.id/mataraman/index.php/washatiya/article/download/4638/3316%0Ahttp://journal.lppmpelitabangsa.id/index.php/jespb/article/view/245%0Ahttp://jou>
- Sartika Partomo, T. (2004). *Usaha Kecil Menengah Dan Koperasi Center for Industry and Sme Studies Faculty of Economics University of Trisakti*. 9, 1–16.
- Wahyuningsih, S. (2009). Peranan UKM Dalam Perekonomian Indonesia. *Mediagro*, 5(1), 1–14.
- Wulansari, A., Hakim, L., & Ramdani, R. (2021). Strategi Dinas Koperasi dan

UMKM Kabupaten Karawang Dalam Pemberdayaan UMKM. *Jurnal Penelitian Administrasi Publik*, 7(1), 82-93.

Yuli Rahmini Suci. (2008). Usaha Mikro, Kecil dan Menengah. *UU No. 20 Tahun 2008*, 1, 1-31.

Copyright Holder :

© Riphoo (2024).

First Publication Right :

© International Journal of Education, Social Studies,
and Management (IJESSM) This article

