

Article

Empowering MSMEs Kedungrejo Village Governments Role

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Abstract: This study investigates the role of village government in fostering Micro, Small, and Medium Enterprises (MSMEs) in Kedungrejo Village, Indonesia, using a descriptive qualitative approach. Through purposive sampling, informants including village officials and MSME operators were interviewed, observed, and studied through documentation. Results reveal that the village government primarily acts as a facilitator by providing administrative support and venues for training facilitated by third parties, while regulatory efforts largely adhere to existing policies. However, communication gaps between the government and MSME community hinder effective catalytic roles. Supporting factors include third-party interventions enhancing MSME skills through social media, whereas inhibiting factors encompass low business management proficiency among MSME operators and inadequate reciprocity towards government-provided facilities. These findings underscore the complexities and nuances in local government support for MSMEs, suggesting avenues for policy refinement and community engagement to bolster MSME development in rural settings.

Keywords: Role of Village Government, Micro Small and Medium Enterprises (MSMEs), Increasing

1. Introduction

Small and non-formal businesses are one of the commercial sectors that have shown a strategic or significant role in reducing the impact of the 1997 economic crisis that affected Indonesia [1]. Micro, Small and Medium Enterprises (MSMEs) are one of the main drivers of entrepreneurship in the country. MSMEs are very important to reduce unemployment, create jobs, eradicate poverty, improve welfare, and foster a sense of national identity [2]. In accordance with the 1945 Constitution Article 33 Paragraph 1 that the economy is structured as a joint venture based on the principle of kinship. This is emphasized by the explanation in Article 33 that the prosperity of the community is prioritized, not individual prosperity [3].

According to Law No. 20/2008 on Micro, Small, and Medium Enterprises, a Micro Enterprise is a profitable enterprise owned by a person or other entity that fits the definition of an individual business. Small Business is an economically successful business that operates independently and is run by a person or organization that is not a subsidiary or branch of a business that is owned, controlled, or integrated directly or indirectly into a medium or large business. Medium Business is an autonomous economic operation or commercial entity that is not a subsidiary or branch of a company and that has net assets or total sales that fall under the legal definition of small and large businesses and are regulated by law [4].

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Based on Government Regulation Number 7 of 2021 Article 35, the criteria for micro businesses are: Having sales revenue of at most IDR 2,000,000,000.00 (two billion rupiah) per year or having a business capital of at most IDR 1,000,000,000.00 (one billion rupiah), excluding land and buildings of the business premises. Meanwhile, the requirements for small businesses are: having annual sales revenue of more than Rp2,000,000,000.00 (two billion rupiah) up to a maximum of Rp15,000,000,000.00 (fifteen billion rupiah) or having business capital of more than Rp1,000,000,000.00 (one billion rupiah) up to a maximum of Rp5,000,000,000.00 (five billion rupiah). Meanwhile, the requirements that must be met by medium-sized businesses are: having a business capital of more than Rp5,000,000,000.00 (five billion rupiah) up to a maximum of Rp10,000,000,000.00 (ten billion rupiah), excluding land and buildings of the place of business; or having annual sales of more than Rp15,000,000,000.00 (fifteen billion rupiah) up to a maximum of Rp50,000,000,000.00 (fifty billion rupiah) [5].

The MSME sector has a strategic role in building the economy in Indonesia. This can be seen from the large contribution of MSMEs to the economy and the growth in the number of MSMEs in Indonesia. These contributions include national income, number of business units, investment, and employment. The contribution of MSMEs to the Indonesian economy can be seen through their ability to absorb almost 97% of the total workforce and to raise up to 60.4% of total investment. Since 2017, the number of MSMEs in Indonesia has continued to increase significantly.

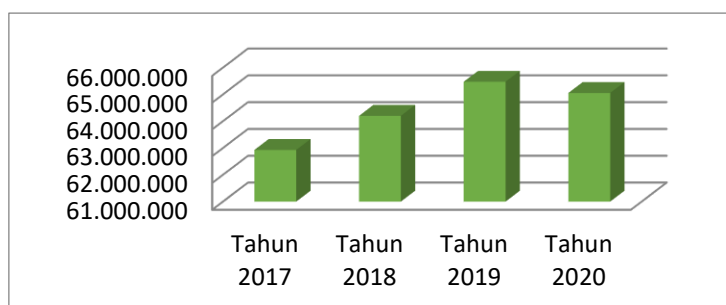


Figure 1. Development of the number of Micro, Small and Medium Enterprises in Indonesia 2017-2020

Source: Ministry of Cooperatives and Small and Medium Enterprises, 2021

The development of the number of MSMEs in Indonesia can be seen in Figure 1 which shows that the number of Micro, Small and Medium Enterprises in Indonesia in 2018 has increased by 2.02% with a total of 64,199,606 MSME units compared to 2017 which only amounted to 62,928,077 MSME units. This makes the number of MSME units in 2018 reach 99.99% of all businesses in Indonesia. This condition also increased in 2019, the number of MSMEs increased by 1.98% with a total of 65,471,143 MSME units. However, in 2020, there was a reduction in the number of MSMEs which reached 418,036 units due to the impact of the Covid-19 pandemic that occurred in Indonesia and disrupted the MSME sector in Indonesia [6].

The success of the government's role in implementing regulations for MSME actors cannot be separated from regional autonomy policies. It has been explained in Law Number 23 of 2014 that regions have the responsibility, authority, and right to self-regulate government affairs and the interests of local communities [7]. The implementation of regional autonomy also plays a role in the growth and development scheme of local MSMEs in the regions. In line with the national scope, East Java Province is the region with the largest area in Java Island which has an area of 47,799.75 km². With a population of ± 40.666 million people, East Java Province is ranked second most populous in Indonesia after West Java Province [8]. The economy in East Java also has an important role in driving the national economy, namely with Micro, Small and Medium Enterprises (MSMEs) which are

spread across several districts / cities in East Java Province. The development of the number of MSMEs in East Java Province according to economic census data is as follows:

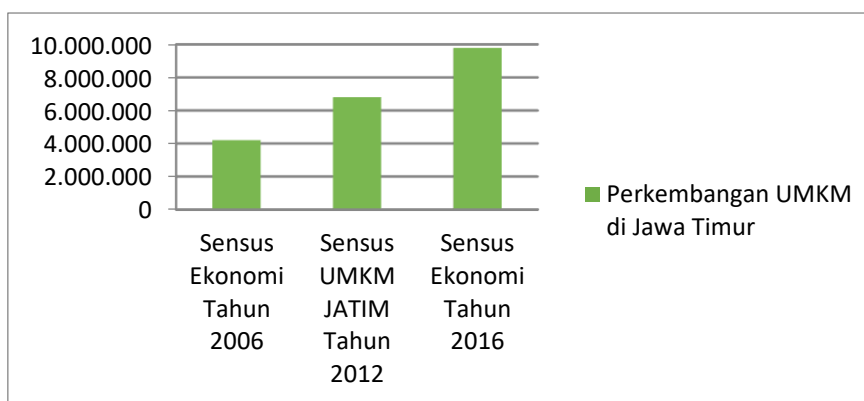


Figure 2. Development of the Number of MSMEs in East Java

Source: Processed from the Office of Cooperatives and Small and Medium Enterprises of East Java Province (2020)

In this figure, the number of MSMEs in East Java province continues to increase. This shows that MSMEs in East Java are one of the pillars of the economy as the number reaches 9 million business units. The Governor of East Java also said that MSMEs are an important element in economic recovery in East Java. The contribution of MSMEs to the Gross Regional Domestic Product (GRDP) in East Java reached 57.25% in 2020. These results are based on data from the Central Bureau of Statistics. Based on the results of the 2016 economic census, the number of MSMEs in East Java reached 9,782,262 business units [9].

Through East Java Provincial Regulation No. 4/2007 on the Empowerment of Cooperatives, Micro, Small and Medium Enterprises, the East Java Provincial Government hopes that the role and position of MSMEs as a pillar of the economic resilience of communities in East Java can be independent and able to compete with other business actors. This policy is made to provide empowerment, especially in the fields of management, capital, technology, and the ability to compete. This is one of the government's roles in improving the economic welfare of the people of East Java Province [10].

East Java Province has several districts/cities with a large number of Micro, Small and Medium Enterprises, one of which is Sidoarjo Regency. Sidoarjo Regency is one of the districts with the nickname UMKM Regency in Indonesia. The potential of MSMEs in Sidoarjo Regency has the opportunity to become MSMEs that have superior value. The role and support provided by the Sidoarjo Regency Government aims to increase economic growth in Sidoarjo Regency, as well as support the development, development and growth of MSMEs in Sidoarjo Regency. The number of MSMEs in Sidoarjo Regency is as follows:

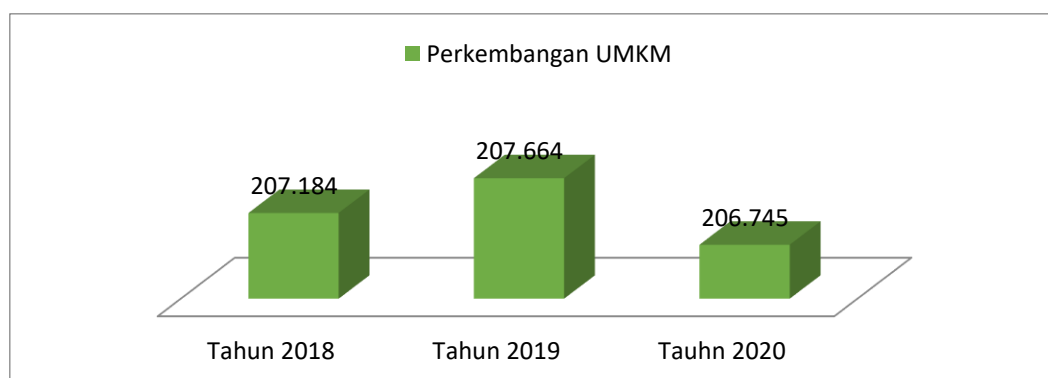


Figure 3. Development of the number of MSMEs in Sidoarjo Regency in 2018-2020

Source: Processed from the Sidoarjo Regency Cooperative and Micro Business Office (2022)

Based on the data contained in the figure above, there was an increase in the number of MSME players from 2018 to 2019. The increasing number of MSMEs is certainly a reference for the Sidoarjo Regency Government and MSME players to be able to create superior MSME products that have competitiveness in the market. However, in 2020 there was a decrease in MSMEs in Sidoarjo Regency by 0.44%. This decrease in the number of MSMEs can be used as motivation in maintaining existing MSMEs in Sidoarjo Regency.

The results of previous research conducted by Salehudin, Rani Maswati, and Samar (2019) show that indigenous Papuans in Biak Numfor are empowered by the government through training, financing assistance for small businesses, marketing and promotion support, and equipment support for manufacturing. Lack of entrepreneurial skills and lack of facilities and infrastructure hinder indigenous Papuans in Biak Numfor to empower MSMEs.

Research conducted by Hilya Usrotun Putri Diaz, Rendy Sueztra Canaldhy, and Novia Kencana (2019) shows that the Village Government can implement the following strategies to encourage the growth of the brick industry: 1) Increase capital and capital distribution for industry entrepreneurs; and 2) Developing a brick marketing network by advertising in print and social media. 3) Ensure legality and obtain legal protection, it is important to socialize and declare owners of unregistered brick industries. 4) Increase cooperation with other parties and stakeholders and assist with the industry's limited resources for capital and finance.

The results of previous research conducted by Christofer Ondang (2019) show that financial constraints still limit decision making at the Regional level and the Regional Government has not been able to provide capital assistance and tools that can be used by MSME actors, so MSME actors must seek their own capital due to the inability of the Regional Government. Fully realizing a conducive climate for MSMEs in terms of strategy and preparation of public policies that are not yet in favor of MSMEs. As a result, MSME actors are hampered in marketing their products. The government, which has the power to make policies, must work with the private sector to provide training to MSMEs so that they can survive and develop their businesses in the future. In addition, MSMEs are associated with unprofessional management because they have limited knowledge and skilled human resources.

Research conducted by Joko Sunaryo, Sasmita Rusnaini, and Syah Amin Albadri (2019) shows that Rio (Village Head) is involved in initiatives to support local businesses and improve the community's economy. However, Rio's support for home industries is diminishing over time. Rio's lack of attention to the entire home industry is to blame. Other factors also contribute to Rio's weak influence in advancing the home industry sector. Rio's lack of accountability is one of the main problems, along with miscommunication and lack of cooperation between Rio and home business owners.

The results of research conducted by Nova Elysyra, Sasmita Rusnaini (2018) show that in Lembah Kuamang Hamlet, the National Program for Community Empowerment (PNPM) and Hamlet Cooperatives play an important role in the government's efforts to strengthen the local economy through MSMEs. The government of Lembah Kuamang faces challenges in strengthening the local economy through MSMEs, especially the inability to assist MSME actors in gaining access to additional corporate financing and expanding their network for product marketing as well as offering instruction and training. Helping MSMEs obtain capital for their businesses, improving product promotion, and offering education and training are ways to overcome these challenges.

One of the MSME sectors in Sidoarjo Regency is the cracker industry. According to the Sidoarjo District Industry and Trade Office, several areas in Sidoarjo District are known as centers of the cracker industry. Kedungrejo village in Jabon sub-district is one of the

centers of the cracker industry in Sidoarjo district. The existence of these MSMEs aims to improve the economic welfare of the community. Its development and empowerment cannot be separated from the role of the Kedungrejo village government.

According to the theory put forward by Gede Diva [11] in improving MSMEs, the effective and optimal role of government is realized as: a) Facilitator, The government contributes to capacity building in a variety of ways, such as by providing infrastructure and facilities, education and skills improvement programs, capital, and finance in the form of commodities or necessary measures. b) Regulator, Government policies are designed to facilitate development efforts. The government acts as a regulator to keep the environment conducive. c) Catalyst, the government's role is to support and encourage an active and productive society while accelerating the development process.

In this case, the role of the Kedungrejo Village Government in Jabon Subdistrict is certainly needed in improving MSMEs in Kedungrejo Village in Jabon Subdistrict. According to Law No. 6/2014 on Villages emphasizes that a Village is a Village, regardless of whether it is a modern or customary Village. The government system of the Unitary State of the Republic of Indonesia recognizes and upholds customary and/or traditional rights as belonging to the Village. The village is recognized as a legal community unit with territorial boundaries that has the authority to regulate and manage government affairs, the interests of the local community based on community initiatives, and these rights [12].

Since 2019, the number of cracker MSMEs in Kedungrejo Village, Jabon District has decreased significantly. The existence of these MSMEs aims to improve the economic welfare of the community. Its development and empowerment cannot be separated from the role of the Kedungrejo Village Government. The development of the number of cracker MSMEs in Kedungrejo Village is as follows:

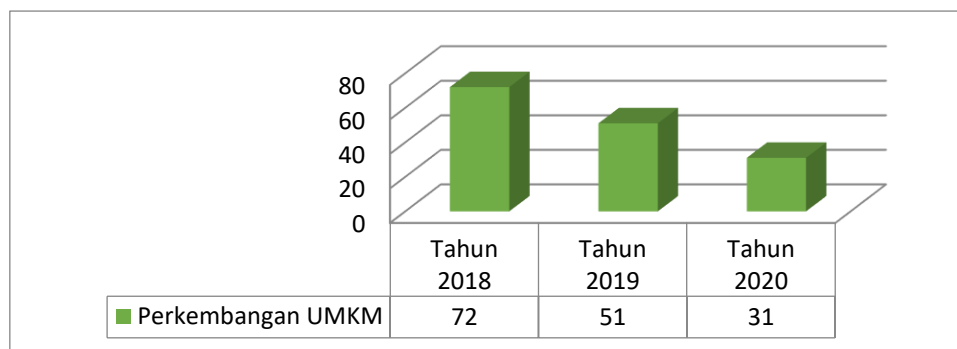


Figure 4. Number of MSMEs in Kedungrejo Village in 2018-2020

Source: Processed from Kedungrejo Village Data, Jabon, 2021

Based on Figure 4, the number of cracker industry MSMEs in Kedungrejo Village has decreased every year. Every year, almost 20 cracker MSMEs close down. The decline in the number of MSMEs is caused by several factors, namely; first, the lack of adequate facilities, both in terms of production, waste disposal, and the lack of ease in obtaining raw materials for making crackers; Second, there is no regulation regarding the selling price of crackers so that the cracker MSME players determine their own selling prices and it is not uncommon for these crackers to be sold to middlemen at low prices, this makes many cracker MSME players lose money because the comparison of the price of raw materials and the selling price of crackers is very different; third, there is no cooperation between the village government and stakeholders for capital loans and entrepreneurship training for cracker MSME players in Kedungrejo Village. Due to these problems, people who previously worked as cracker MSME players have switched professions to become farmers, grocery store sellers, and processed food sellers.

This has led some cracker makers to close their businesses and switch to other livelihoods. This is also due to inadequate human resources (HR), where many of the younger generation of Kedungrejo Village have lost interest in the cracker-making industry, which is indirectly a hereditary family business. Based on the above problems, the researcher is interested in examining "The Role of Village Government in Improving Small, Micro and Medium Enterprises (MSMEs) in Kedungrejo Village, Jabon District, Sidoarjo Regency". This study aims to analyze and describe the role of the Village Government in improving Micro, Small and Medium Enterprises (MSMEs) in Kedungrejo Village, Jabon District, Sidoarjo Regency, as well as to analyze and describe the supporting and inhibiting factors of the role of the Village Government in improving Micro, Small and Medium Enterprises (MSMEs) in Kedungrejo Village, Jabon District, Sidoarjo Regency.

2. Materials and Methods

In this research, the method used is descriptive qualitative. This qualitative method has descriptive characteristics. According to I Made Winartha, a qualitative descriptive analysis approach is used to assess, characterize, and summarize various conditions and scenarios using information collected through interviews or observations on the topic being researched in the field. The purpose of this research is to analyze and describe the role of the Village Government in improving Micro, Small and Medium Enterprises (MSMEs) in Kedungrejo Village, Jabon District, Sidoarjo Regency. In addition, this study also aims to analyze and describe the factors that hinder the role of the Village Government in improving MSMEs in Kedungrejo Village, Jabon Subdistrict, Sidoarjo Regency. The technique of determining informants used purposive sampling technique, with the selected informants including the Head of Kedungrejo Village, 2 (two) community members who run cracker MSME businesses, and 2 (two) people who switched professions from cracker MSMEs. The data collection techniques used include interviews, observation, documentation, and literature study. The data analysis technique used is the type of qualitative analysis according to Miles and Huberman which consists of several stages, namely data collection, data reduction, data presentation, and conclusion drawing [14].

3. Results and Discussion

The Role of Village Government in Improving Small, Micro and Medium Enterprises (MSMEs) in Kedungrejo Village, Jabon Sub-district, Sidoarjo Regency

According to Gede Diva, in the development of MSMEs, the effective and optimal role of the government is realized by three main factors, namely regulators, facilitators, catalysts.

A. Government's Role as Facilitator

Micro, Small and Medium Enterprise entrepreneurs generally lack the necessary resources to become successful entrepreneurs. They lack expertise, skills, capital, and do not even understand that such businesses require regulation. As a facilitator, the government has an important role in facilitating Micro, Small and Medium Enterprises (MSMEs) to achieve a goal in developing businesses owned by MSMEs. The facilitator's job is to provide training and help with funding if MSME funds are weak. Then the coordinator's job is to help a way out so that MSMEs can get the funds needed, but must remain careful so that the status of MSMEs is independent. In the context of facilitation, the government can take the form of. First, giving something in the form of money or subsidizing goods and services. Second, privileges, whether in the form of wishes or power in cross-time. Third, a separate policy. The facilities provided by the government can depend on how the government views the existence of MSMEs that will be given facilities. First, the government anticipates or is unhappy with the existence of MSMEs. Second, the government is apathetic or does not want to know about the development of MSMEs.

Third, the government is neutral, which means that the government applies MSMEs the same as other business entities, there are no special rules for MSMEs. MSMEs must compete with other business entities. Fourth, the government sympathizes by providing guidance to MSMEs or encouraging protective motivation for MSMEs in making rules.

As a government facilitator, you play a role in providing facilities to MSMEs to achieve the goal of improving the business owned by MSMEs. If MSMEs have weaknesses in production, the facilitator's job is to provide capabilities to MSMEs in various ways, such as providing training and technological guidance. Providing facilities is not only in the form of management training, but can also be in the form of providing skills training to improve the skills of MSME players in Kedungrejo Village, Jabon District, Sidoarjo Regency.

This is in line with what was conveyed by Mr. Agus Baihaqi as the head of Kedungrejo Village, Jabon Sub-district, Sidoarjo Regency,

"To be honest with you, in terms of facilities, we have previously provided bumdes and cooperatives as a forum for the community to sell their crackers. However, the situation in the field so far has been that MSME players do not make good use of it, and only sell to trusted collectors. So yes, we feel that these bumdes and cooperatives are useless because the MSME community itself does not want to utilize or use the facilities that we have provided. In terms of training itself, yes, there is usually a brand or self-help organization for MSME training, the village only provides a place to organize it. This training is obtained by the community from a third party, not the village directly. So far, the facilities that can be provided by the village are only limited to providing a business establishment permit." (Interview, June 26, 2023)

The role of the Kedungrejo village government as a facilitator for cracker MSMEs can be said to only provide facilities from an administrative perspective. Providing facilities in terms of skills training and providing technological guidance is generally carried out by third parties, such as KKN participants from universities around Kedungrejo Village, Jabon Subdistrict, and non-governmental organizations that have work programs to improve MSMEs in Sidoarjo Regency. This is due to the fear of price competition among cracker MSMEs in Kedungrejo Village, so that facilities that have been prepared by the village government are abolished, such as the provision of Bumdes and cooperatives. As a result, the Kedungrejo village government only provides administrative facilities in the form of business establishment permits and the provision of training and technology guidance. Several types of training and technology guidance provided by Kedungrejo Village to MSMEs in Kedungrejo Village are as follows:

Table 1. Types of Training Activities and Technological Guidance Activities for UMKM Kedungrejo Village

No.	Month and year	Organizer	Activity Type
1.	December, 2020	Student KKN Universitas Bhayangkara Surabaya (UBHAYA)	Socialization of social media utilization for MSE developers in Kedungrejo Village, Jabon Subdistrict
2.	July, 2021	Bank delta arta	Socialization of MSME capital
3.	September, 2021	Student KKN universitas Muhammadiyah Sidoarjo (UMSIDA)	Socialization of MSME marketing development programs through social media in Kedungrejo Village, Jabon Sub-district
4.	January, 2022	Bank Negara Indonesia (BNI)	Socialization of MSME capital
5.	May, 2022	Bank Rakyat Indonesia (BRI)	Socialization of People's Business Credit (KUR)

6.	August, 2022	Student KKN Universitas Brawijaya Malang	Socialization of MSME empowerment in Kedungrejo Village, Jabon Sub-district
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Based on Table 1, the types of training and technology guidance for MSME communities in Kedungrejo Village are mostly related to People's Business Credit (KUR) and socialization related to the use of e-commerce as a means of marketing MSME products. Previously, Kedungrejo Village had established a Village-Owned Enterprise (BUMDes) but it was not well realized. In addition, the establishment of cooperatives in Kedungrejo Village was not well realized. In this regard, the Kedungrejo Village government currently only provides administrative facilities, namely the NIB management for the MSME community.

The results of research conducted by Nova Elsyra and Sasmita Rusnaini in 2018 entitled "The Role of the Hamlet Government in Empowering the Community Economy in Kuamang Valley, Bungo Regency [15]." The results obtained from this study are efforts to provide empowerment facilities through the provision of empowerment and business loan assistance in collaboration with the National Program for Community Empowerment (PNPM) although there are still several obstacles in efforts to empower community MSMEs in Kuamang Valley, but the Kuamang Valley Hamlet Government is trying to overcome these obstacles.

This is certainly in contrast to the role of the Kedungrejo Village Government in providing facilities to cracker MSMEs in Kedungrejo Village. As previously known, most of the training, empowerment and guidance facilities for cracker MSMEs in Kedungrejo Village are from third parties, not directly from the government of Kedungrejo Village, Jabon Sub-district, Sidoarjo Regency.

B. Government's Role as Regulator

The government's role as a regulator is to make policies that make it easier for MSME businesses to develop their businesses. As a regulator, the government functions to keep the business environment conducive to investment by regulating the Bank Indonesia Rate (SBI) and making policies on business competition rules. The government is a party that is able to apply rules so that life can run well and dynamically, in carrying out the regulatory function the government divides the authority to make policies into two, namely the authority as well as the function of the Central Government, the Regional Government also has a regulatory function towards the people in its area. Central Government and Local Government authority.

Regulators are policy makers related to the development and improvement of MSMEs so that they can grow and develop easily and quickly. This policy on Micro, Small and Medium Enterprises (MSMEs) is used as a basis for the work of MSME actors through the Sidoarjo Regency Office of Cooperation and MSMEs has produced several policy products that can be used as a basis and guideline for MSME actors in Kedungrejo Village, Jabon District, Sidoarjo Regency.

This is in line with what was conveyed by Mr. Agus Baihaqi as the Head of Kedungrejo Village, Jabon Sub-district, Sidoarjo Regency,

"In terms of regulations or policies, we fully use existing regulations, such as laws and government regulations that are still valid, the village only uses the policy as a reference. This is so that there is no confusion or miscommunication in the future. For rules or policies for MSME actors in Kedungrejo Village, yes, all are centered on existing rules or policies." (Interview, June 26, 2023)

In terms of policy, the Kedungrejo Village government uses existing policies, among others;

Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises; Government Regulation Number 7 of 2021 concerning the Ease of Protection and Empowerment of Small, Micro and Medium Enterprises; East Java Regional Regulation

Number 4 of 2017 concerning the Empowerment of Cooperatives and Micro, Small and Medium Enterprises. Sidoarjo Regent Regulation Number 14 of 2022 Article 16 concerning Position, Organizational Structure, Duties and Functions, and Work Procedures of the Sidoarjo Regency Cooperative and Micro Business Office, explains that the Micro Business Agency has the task of carrying out part of the duties of the Office in the field of developing Micro Businesses, formulating technical policies for Micro Business development; Guidance and implementation of technical policies for micro business development; monitoring, evaluating, and reporting on the implementation of technical policies for micro business development; The use of these Laws and Government Regulations as a reference for Regulations for Crackers MSME actors in Kedungrejo Village, Jabon District. This minimizes any imbalances or miscommunication related to the implementation of MSME empowerment in Kedungrejo Village, Jabon Subdistrict. Related to this, the government of Kedungrejo Village, Jabon Sub-district does not have or make special policies for cracker MSME players in Kedungrejo Village, Jabon Sub-district.

In accordance with the mandate of Article 14 paragraph 7 of Law No. 28 of 2022 concerning the State Budget for Fiscal Year 2023, it states that the provisions regarding the management of village funds and the determination of the details of village funds are regulated by regulations of the minister of finance. The use of Law No. 28 of 2022 aims to regulate village income and expenditure and to determine the distribution of the village budget, especially the budget used in empowering MSMEs in Kedungrejo Village, Jabon District, Sidoarjo Regency.

In the results of research by Christofer Ondang, et al in 2019 entitled "The Role of Local Government in Empowering Micro, Small and Medium Enterprises (MSMEs) in Minahasa Regency (A Study at the Office of Cooperatives and MSMEs) [16]." The results of the study explain that the local government still cannot create a good environment for MSMEs, this can be seen from the strategies used in developing the potential of existing MSMEs, as well as making public policies that are not fully in favor of MSME actors, causing MSME actors to experience difficulties in marketing their products and experiencing financial difficulties.

C. Government's role as a catalyst

Literally, a catalyst is a substance that is added to a reaction issue with the intention of increasing the reaction speed. Based on this, the role of local government as a catalyst for the development of SMEs is to accelerate the development process of SMEs into fast-moving enterprises. IFast Imoving Enterprise is an IUMKM that has an entrepreneurial spirit and will transform into a large enterprise. To achieve the development of ifast innovating enterprise, like a catalyst, the local government is sometimes involved in the process but not involved in managing the whole process of change. The involvement of local government in the entire process of change cannot be done because the involvement of local government is too much in economic activities or causes the economy to become inefficient because the market cannot move naturally. To obtain its role as an facilitator, the government has taken various steps such as empowering creative communities to be productive rather than consumptive, rewarding SMEs, providing intellectual infrastructure for SMEs (protection of intellectual property rights) and providing capital including venture capital or revolving capital.

As a catalyst, the government is more inclined to the delivery of comprehensive information on issues that concern both the government and the community. The problem related to IUMKM is not only on the government but also on the community. This is related to the community's need for information related to SMEs in all aspects while the government has inadequate competence in both theory and practice in SME management. Therefore, the government of IKedungrejo Village has the responsibility in the welfare of the IUMKM community in IKedungrejo Village, IJabon District, Sidoarjo Regency.

This is in line with what was conveyed by Mr. Agus Baihaqi as the Head of Kedungrejo Village, Jabon Sub-district, Sidoarjo Regency,

“So far, there has been no business acceleration program for these cracker MSMEs. Until now, the sale of crackers has been running as usual, with the entrepreneurs selling their processed crackers to the collectors. In terms of development and providing capital for the business, everything is from a third party, not from the village. So, the third party comes directly to the cracker MSMEs, not to the village first. Yes, it could be because there is a lack of communication from the village to the MSME community, so there is still a lack of development and improvement from the village for the cracker MSMEs here.” (Interview, June 26, 2023)

In the development and improvement of MSMEs, of course, the role of government is needed to accelerate the improvement of MSMEs, but this does not yet exist in the role of the Kedungrejo Village government. The role as a catalyst in Kedungrejo Village has not been running well, and this has an impact on the community of cracker MSMEs in Kedungrejo Village, Jabon Subdistrict, especially in terms of developing and improving the skills of the MSME community and also providing facilities and infrastructure as well as business capital assistance for cracker MSMEs in Kedungrejo Village, Jabon Subdistrict. The provision of information related to MSMEs also seems quite slow, which has an impact on the determination of the selling price of crackers produced by the cracker MSME community in Kedungrejo Village, Jabon Subdistrict. In addition, the Kedungrejo Village Government in Jabon Sub-district still does not have special programs to improve and empower the MSME community in Kedungrejo Village in Jabon Sub-district.

So far, the growth of MSMEs in Kedungrejo Village, Jabon Sub-district, Sidoarjo Regency is mostly the output or result of empowerment or socialization carried out by third parties or stakeholders such as training conducted by Muhammadiyah Sidoarjo University students, socialization related to capital conducted by BNI Bank, and BPR Deltha Artha, socialization related to KUR (People's Business Credit) by BRI Bank. This has an impact on the NIB management of the MSME community, so far only 5 (seven) MSME players in Kedungrejo Village have NIB, including H. Husiri, H. Farid, H. Buadi, Mr. Suparman, H. Jayus.

In the results of research by Joko Sumaryo, et al in 2019 with the research title "The Role of the Village Government in Guiding the Banana Sale Home Industry to Improve the Community Economy (Study in Purwo bakti Hamlet, Bathin III District, Bungo Regency) [17]." The results showed that Rio (hamlet head) participated in improving the community's economy in fostering the home industry but over time Rio no longer carried out this role. This is due to miscommunication and lack of coordination between Rio and the owner of the banana sale home industry.

Supporting and inhibiting factors for the role of village government in improving small, micro and medium enterprises (MSMEs) in Kedungrejo village, Jabon sub-district, Sidoarjo district.

Supporting factors are factors that support, invite, and participate in supporting an activity. The supporting factor for the role of village government in cracker MSMEs in Kedungrejo Village, Jabon Subdistrict is the existence of a third party in improving cracker MSMEs, namely by using social media carried out by students and female students who are carrying out KKN in Kedungrejo Village, Jabon Subdistrict. Through social media, MSME players can develop their business widely. Social media has a huge influence on people's lives due to the speed of receiving information via the internet. With easy and fast access, social media is utilized by small MSME entrepreneurs to be bolder in promoting their products.

The utilization of social media and internet networks that are very broad and have no time and regional restrictions is expected to be an effective marketing medium to market these cracker products. All businesses must have a marketing strategy in order to survive and maintain their business in the market, and using online marketing is an effective strategy. Apart from being quite cheap, online marketing through social media also has a wide and unlimited network. The presence of social media is a manifestation of the advancement of technology at this time. It is a very good opportunity if it can be utilized optimally. Various types of social media and with their own advantages that are easy to use, so that at this time social media is widely used from all circles.

Inhibiting factors are factors that hinder the course of an activity and are like thwarting something. Factors that influence the development of MSMEs are seen from the current condition of MSMEs. Current competitiveness is still determined by the ability of Human Resources (HR) to produce an item, price, design, and environmental factors that provide conducive factors so that MSMEs are able to compete strictly. These barriers can differ from one region to another or between rural and urban areas, between sectors, or between companies in the same sector. These issues include:

- a. The low quality of human resources of business actors. The managerial skills of MSME actors need to be improved. Likewise, a regeneration system needs to be built. It is often found that MSMEs are one man shows, so a solid team is needed that is able to inherit the MSME from the founder.
- b. Limited marketing capabilities. Although online media has developed, this media has not been optimally utilized by MSMEs.
- c. Low access to business information.
- d. Good partnerships that are mutually beneficial between MSME actors, large businesses, and Regional-Owned Enterprises (BUMDs) have not been established.
- e. The community or MSME players still do not use the facilities properly in the form of cooperatives and BUMDes provided by the village government which aim to advance the cracker MSME business in Kedungrejo Village, Jabon District.

However, there are a number of issues that are common to all MSMEs in any country, especially within the developing country group. These common barriers include limited working capital and investment, difficulties in marketing, distribution and procurement of raw materials and other inputs, limited access to information on market and other opportunities, limited skilled workers (low human capital quality) and technological capabilities, high transportation and energy costs, limited communication, high costs due to complex administrative procedures and bureaucracy especially in obtaining business licenses, and uncertainty due to unclear or directionless economic regulations and policies.

4. Conclusion

The role of village government in improving small, micro and medium enterprises (MSMEs) in Kedungrejo Village, Jabon District, Sidoarjo Regency can be concluded as follows: a) The role of the village government as a facilitator, in this case the Kedungrejo Village government, Jabon Subdistrict, Sidoarjo Regency only facilitates cracker MSME players in the administrative field and the provision of a place used as a training ground in improving the skills and productivity of the Kedungrejo Village MSME community as well as socialization conducted by third parties both from universities and socialization related to capital by several banks in Sidoarjo Regency; b) The role of the village government as a regulator, in this case the Kedungrejo Village government in improving cracker MSMEs in its village uses policies that have been in effect; c) The role of village government as a catalyst, in this case the role of village government as a catalyst in improving MSMEs in Kedungrejo Village cannot be said to be good, This is because the Kedungrejo Village Government, Jabon Subdistrict, Sidoarjo Regency is less active in providing information related to the provision of facilities and infrastructure as well as providing business capital for cracker MSMEs in Kedungrejo Village, Jabon Subdistrict, Sidoarjo Regency and does not yet have a special program to accelerate the improvement of MSMEs in Kedungrejo Village, but the Kedungrejo Village Government is trying its best in managing NIB for Kedungrejo Village MSME players, so far only 5 Kedungrejo Village MSME players already have NIB.

Supporting factors in the Role of Village Government in Improving Small, Micro and Medium Enterprises (MSMEs) in Kedungrejo Village, Jabon District, Sidoarjo Regency are assistance from third parties in socializing the use of social media in increasing sales of cracker MSME products in Kedungrejo Village, Jabon District, Sidoarjo Regency. Mean-

while, the obstacles in the Role of Village Government in Improving Small, Micro and Medium Enterprises (MSMEs) in Kedungrejo Village, Jabon Subdistrict, Sidoarjo Regency are the low human resource capacity of cracker MSME players in Kedungrejo Village, Jabon Subdistrict, Sidoarjo Regency in the managerial aspects of the MSMEs they run, besides the lack of reciprocity received by the Kedungrejo Village government for providing Cooperatives and Bumdes due to fear of competition between cracker MSME players in Kedungrejo Village, Jabon Subdistrict, Sidoarjo Regency.

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Conflict of Interest Statement

The author declares that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.

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