

The Role of Kadin in MSMe Development (A Case Study at Kadin of North Sumatra)

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Abstract

Business sectors in Indonesia are divided into four types: micro, small, medium, and large enterprises. However, only MSMEs (Micro, Small, and Medium Enterprises) are considered the backbone of people's economy and have to be given priorities on opportunities, supports, protection, and development of their business. KADIN Indonesia serves as a communicator, mediator, informant, representative, consultant, facilitator, and advocate for them. This qualitative research employs primary and secondary data. Primary data were collected through interviews and observations, while secondary data were gathered through library research. Data analysis was conducted using a qualitative descriptive approach. The conclusion of this study is that KADIN is the parent organization of Indonesian entrepreneurs and plays the role of medium of communication, information, representation, consultation, facilitation, and advocacy among entrepreneurs and between entrepreneurs and the government, as well as between domestic and international entrepreneurs, on all economic activities in order to create conducive, clean, transparent, professional, collaborative, innovative, and competitive climate for business.

Keywords: Kadin, MSMe

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Introduction

The order of Indonesian economy classifies business into three major groups, they are state-owned enterprises (SOEs), private enterprises, and cooperatives (Johansyah, 2013:206). From the perspective of their purposes, SOEs share similarities with cooperatives. *i.e.* for collective welfare (not for the benefit of specific individuals or small groups of individuals). SOEs are managed by the Government to generate state revenue and ensure the welfare of its citizens and cooperatives are established to provide welfare for their members. Private enterprises, on the other hand, are to achieve welfare of their owners. Unlike SOEs and cooperatives, the size of private enterprises financially depends upon the corporations, groups, individuals, or families that privately own them. Big entrepreneurs with strong capital support will establish large and strong business to obtain high turnover, whereas those with limited resources will establish small or medium enterprises and earn significantly lower turnover.

The disparities of capital and turnover among private enterprises give rise to business classification concept. In order to guarantee fairness and certainty in business operations, the Government has promulgated a legal framework specifically regulating private enterprise classification in Indonesia, namely the Law No. 20 of 2008 concerning Micro, Small, and Medium Enterprises (referred to as Law 20/2008).

The law that was enacted during the administration of President Soesilo Bambang Yudhoyono classifies private enterprises into four types: micro, small, medium, and large enterprises. As explicitly stated in Article 6, business classification is based upon its net assets and turnover. Net assets on business classification exclude business premises (land and building) and business turnover is calculated annually.

Business whose net assets are worth up to IDR 50 million or whose annual turnover is up to IDR 300 million is classified as Micro Enterprises (MiE). Those with net assets more than IDR 50 million but not exceeding IDR 500 million or with an annual turnover more than IDR 300 million but not exceeding IDR 2.5 billion is classified as Small Enterprises (SE). And business with net assets worth more than IDR 500 million up to IDR 10 billion or with annual turnover more than IDR 2.5 billion up to IDR 50 billion is classified as Medium Enterprises (ME). Article 6 Paragraph (4) of Law 20/2008 states that these are not permanent business classifications. The nominal values are subject to adjustment depending upon the national economic situation and are to be adjusted by President Regulation.

Due to its name, Law 20/2008 does not regulate the classification of large enterprises. In this regard, the Ministry of Cooperatives and SMEs (Kemenkop UKM) classifies private business units whose financial capital is more than IDR 10 billion or whose annual turnover is more than IDR 50 billion as Large Enterprises (Kemenkop UKM, 2024).

Among those four business classifications, Micro, Small, and Medium Enterprises (MSMEs) receive special attention from the Government. The enactment of Law 20/2008 on 4 July 2008 is a further manifestation of the Government attention to MSMEs. The Law is a legal instrument which guarantees that MSMEs in Indonesia obtain certainty and fairness in running and managing their business.

The General Explanation of Law 20/2008 states that MSMEs are one of the main pillars of national economy so that they have to be prioritized in terms of business opportunities, supports, protection, and development. This represents the Government's commitment to MSMEs as the people's economic group, without disregarding the roles and contributions of large enterprises and SOEs.

The vital position of MSMEs in national economy can be seen through the range of business they serve. MSMEs in Indonesia predominantly provide goods and services required by the public daily, such as grocery stores, food stalls, tailors, beauty salons, and more.

Although MSMEs business touches many aspects of society and constitutes 99.62% of all business units in Indonesia (Kemenkop UKM, 2024), and contributes to the national GDP significantly, MSME development and performance data remain limited. The limitation was implied by the 2022 Performance Report of Kemenkop UKM, which referred all MSME development data to the old data of 2019 (Kemenkop UKM, 2022: I-14).

The lack of updated data of MSME is a critical issue since detailed and consistent recording of MSME data is essential for the development of national economy. According to the Vice Chairman of the People's Consultative Assembly of Indonesia (MPR-RI) of 2019-2024, Lestari Moerdijat.

Mrs. Moerdijat stated that comprehensive MSME data recording is crucial for the national economy development. Detailed and accurate data is an effective instrument of people's economy development. The data can be used, for instance, to ensure the Government economic interventions in MSME empowerment program more targeted. Without it, the initiative will be less effective (Setjen MPR-RI, 2024).

Unlike Kemenkop, which used outdated references, KADIN Indonesia, on the contrary, published data on MSME growth in the period of 2018 to 2023. As of December 2023, there were 66 million MSMEs in Indonesia, employing approximately 117 million workers or 97% of the national workforce (KADIN Indonesia, 2024).

KADIN Indonesia found that while significantly contribute to the national employment, Indonesian MSMEs face numerous challenges. According to the Permanent Committee for MSME Advocacy of KADIN of North Sumatera, Teuku Aliyuddinsyah, more than 50% of MSMEs in Indonesia undergo lack of access to funding both from banks and non-bank financial institutions. And to address this problem, the Government has provided financing facilities such as Ultra Micro Financing and People's Business Credit (KUR).

Beyond financial issues, Aliyuddinsyah said that MSMEs in Indonesia have also been struggling with technology adoption, digital literacy, innovation, creativity, business licensing, standardization, certification, and equitable training and facilitation. Here, KADIN Indonesia plays its role as the umbrella organization for the country's business sector.

As the leading sector in national business, KADIN Indonesia fosters communication and consultation among entrepreneurs while serving as a facilitator, representative, and advocate to create a robust and competitive business environment capable of competing globally.

In North Sumatra, KADIN collaborates with local governments to shape regional economic growth and development. While local governments issue regulations and policies, entrepreneurs leverage market insights and creativity to meet societal needs. However, challenges such as unequal funding access, limited managerial skills, informal business structures, and restricted marketing reach hinder regional economic development. To address these issues, KADIN Indonesia continues to bridge businesses and government, ensuring that economic policies are beneficial for regional and national economic growth.

Limited capital and lack of skills and experience correlate with the difficulty of marketing products. Limited capital results in limited products, both in terms of quantity and quality, which in turn restricts marketing opportunities. Meanwhile, the lack of skills and experience makes it difficult for business owners to understand market demands and business prospects. This situation accumulates into uncompetitive businesses, further exacerbated by the emergence of large enterprises offering similar products with significantly better quality or lower prices, giving MSMEs no chance to compete.

Addressing the dynamics of business development in North Sumatra Province requires the involvement of multiple stakeholders, one of which is KADIN North Sumatra (KADIN SU).

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Optimizing the role of KADIN SU to provide solutions to the classic challenges faced by business actors, especially MSMEs, is an urgent measure that cannot be postponed or overlooked. Based on the explanation above, the author is interested in conducting a study titled *The Role of KADIN Indonesia in Developing MSMEs (A Case Study on KADIN North Sumatra Province)* to examine the role of KADIN in MSME development and the extent of KADIN's responsibility in fostering MSMEs.

Literature Review

1. Indonesian Chamber of Commerce and Industry (KADIN)

The Indonesian Chamber of Commerce and Industry (KADIN) is a platform for Indonesian entrepreneurs engaged in the economic sector to communicate and consult, both among fellow entrepreneurs and between entrepreneurs and the Government, on various matters related to trade, industry, and services to create a healthy and orderly economic and business environment and to foster and develop a business climate that enables the broadest participation of entrepreneurs in national development activities.

The above definition is outlined in Undang Undang Republik Indonesia Number 1 of 1987 concerning the Chamber of Commerce and Industry (hereinafter referred to as UU 1/1987). Considering that Indonesia is not the only country with a Chamber of Commerce, this study uses the term KADIN Indonesia to specifically refer to the main organization for Indonesian entrepreneurs as stipulated in UU 1/1987.

KADIN Indonesia was actually established long before the Government enacted UU 1/1987, namely on September 24, 1968. UU 1/1987, enacted on January 28, 1987, did not mandate anyone to establish a Chamber of Commerce and Industry but instead designated KADIN Indonesia as the sole umbrella organization for the national business world, encompassing both state-owned and private businesses, including cooperatives.

The origins of KADIN Indonesia date back to 1863, when the Governor-General of the Dutch East Indies issued a decree to establish the Kamers van Koophandel en Nijverheid in Nederlandsch Indie (Chamber of Commerce and Industry in the Dutch East Indies). Later, in 1909, an organization called Sjarikat Dagang Islam (SDI) was founded to fulfill the functions of the Chamber of Commerce. Over time, this organization transformed into an independence movement and changed its name to Sjarikat Islam (SI).

After independence, all business organizations in Indonesia were united under an institution called the Central Indonesian Economic Council (DEIP), established in 1949. Over the next decade, various sectoral industry associations emerged, such as the Indonesian Insurance Council (DAI), the National Private Banks Association (Perbanas), and the National Graphic Industry Association (now the Indonesian Graphic Companies Association/PPGI), along with the Corporate and Commerce Council (DPP) at the central level and the Corporate and Commerce Assembly (MPP) at the provincial level.

On November 29-30, 1967, a meeting was held to establish the Jakarta Chamber of Commerce and Industry (KADIN Jaya), initiated by the Governor of Jakarta, followed by eight other provinces. Later, on September 23-24, 1968, a meeting was held to form the Indonesian Chamber of Commerce and Industry, electing Brigadier General TNI (Ret.) Usman Ismail as the first Chairman (Wikipedia KADIN Indonesia, 2024).

The new paradigm of KADIN Indonesia, known as KADIN UMKM Indonesia, began to take shape in 2013, following leadership dualism issues after the Extraordinary Congress (Munaslub), which decided on the dismissal of Suryo Bambang Sulisto as Chairman and the appointment of Oesman Sapta Odang (OSO) as Caretaker Chairman. OSO subsequently appointed Rizal Ramli as Chairman in October 2013 (Bloomberg Technoz, 2024).

KADIN Indonesia envisions becoming the first and foremost choice to represent the voice and interests of the business world and all stakeholders in the formulation and implementation of economic policies throughout Indonesia. Its missions include:

- a. Establishing a strong organizational structure and composition at both central and regional levels to become a strategic and effective partner for the Government and the business world;
- b. Building a reputation and independence as a leading business organization in all aspects, including institutional, financial, leadership, public service, political support, and international cooperation;
- c. Empowering all members, stakeholders, resources, and funding to accelerate the national reindustrialization program and produce globally competitive local champions;
- d. Developing partnerships with the most relevant and strategic international business communities for reindustrialization, increasing Foreign Direct Investment (FDI), exports, and transferring knowledge and technology;
- e. Producing a workforce ready for the global market in collaboration with trade unions and the education sector;
- f. Fostering innovation and ready-to-use technology in partnership with creative entrepreneurs; and
- g. Gathering substantial, long-term domestic funding to develop industries in strategic sectors such as food, housing, infrastructure, energy, and others.

Referring to Presidential Decree of the Republic of Indonesia Number 18 of 2022 concerning the Approval of Amendments to the Articles of Association and Bylaws of the Chamber of Commerce and Industry (hereinafter referred to as Presidential Decree 18/2022), the membership of KADIN Indonesia includes Ordinary Members (AB), comprised of Indonesian entrepreneurs and companies; Extraordinary Members (ALB), comprised of Entrepreneurial and company organizations; Micro and Ultra-Micro Business Members, comprised of Entrepreneurs and companies outside AB and ALB with micro and ultra-micro business status under laws and regulations; and Registered Extraordinary Members (ALBT), comprised of National-level ALB associations without the full rights and obligations of ALB (see Article 32 paragraph [2] letters a, b, c, and d of Annex I Keppres 18/2022).

2. MSME

MSME is an acronym for Micro, Small, and Medium Enterprises. Generally, MSMEs are interpreted as economic businesses or ventures operated by individuals, groups, households, or business entities of small scale. In Indonesia, MSMEs are also known as Small and Medium Enterprises (SMEs). Developing countries, including Indonesia, consider MSMEs the main foundation of the community's economy to enhance societal capabilities and independence, particularly in the economic sector. In Indonesia, MSMEs are regulated under LAW 20/2008 to ensure business certainty and fairness.

According to LAW 20/2008, the classification of community economic enterprises is determined based on two criteria. The first criterion is the total net wealth (financial capital) owned by a business unit. The calculation of assets or wealth focuses only on financial aspects, such as capital, inventory, debts, receivables, and the like. The land and buildings where the business operates are not included in the calculation.

The second criterion is based on the sales revenue (turnover) generated by a business unit within an annual period (annual turnover). Notably, these two criteria are independent entities,

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meaning a business unit only needs to meet one of the criteria to be categorized. For example, if the asset value meets the requirement, it does not need to fulfill the annual sales criterion.

In addition to the statutory criteria, society often classifies MSMEs based on the number of employees involved in the business operations (Sahid & Idris, 2023). Unfortunately, there is no detailed literature explaining the employee limits for categorizing business units.

Article 1, point 1, in conjunction with Article 6, paragraph (1) of LAW 20/2008 defines Micro Enterprises (MiE) as productive economic businesses owned by individuals and/or individual business entities with net wealth of at most IDR 50 million or annual sales revenue of less than IDR 300 million.

The definition of Small Enterprises (SE), as stated in Article 1, point 2, in conjunction with Article 6, paragraph (2) of LAW 20/2008, is productive economic businesses that operate independently, not subsidiaries or branches of Medium or Large Enterprises, directly or indirectly, with net wealth of more than IDR 50 million but not exceeding IDR 500 million, or annual turnover above IDR 300 million but not exceeding IDR 2.5 billion.

Medium Enterprises (ME) are defined in Article 1, point 3, in conjunction with Article 6, paragraph (3) of LAW 20/2008 as productive economic businesses operating independently, not subsidiaries or branches of Small or Large Enterprises, directly or indirectly, with net wealth of more than IDR 500 million but not exceeding IDR 10 billion, or annual turnover above IDR 2.5 billion but not exceeding IDR 50 billion.

Article 6, paragraph (4) of LAW 20/2008 clarifies that the net wealth and turnover thresholds for MSMEs are not fixed limits. These amounts have been adjusted to current national economic conditions. According to the Ministry of Cooperatives and SMEs (2024), the thresholds for MiE have increased, with financial capital up to IDR 1 billion or annual turnover up to IDR 2 billion. Small Enterprises (SE) now include businesses with capital between IDR 1 billion and IDR 5 billion, or turnover between IDR 2 billion and IDR 15 billion. Medium Enterprises (UM) have capital between IDR 5 billion and IDR 10 billion, or turnover between IDR 15 billion and IDR 50 billion.

Businesses with net wealth or annual sales exceeding these thresholds are categorized as Large Enterprises (LE), having financial capital exceeding IDR 10 billion or annual turnover above IDR 50 billion.

Among these categories, Micro, Small, and Medium Enterprises (MSMEs) receive special attention from the Government. To ensure certainty and fairness in business, the Government enacted LAW 20/2008, recognizing MSMEs as a primary pillar of the national economy, deserving priority in business opportunities, support, protection, and development, without neglecting the roles of Large Enterprises and State-Owned Enterprises (BUMN).

MSMEs are further classified into four criteria, which are livelihood activities, micro enterprises, small dynamic enterprises, and fast moving enterprises. Livelihood activities refer to economic businesses operated solely for livelihood purposes, often referred to as the Informal Sector, such as street vendors, itinerant traders, vegetable sellers, small grocery shops, tire repair services, tailors, and barbers. Micro enterprises refer to economic businesses with a craftsmanship nature but lacking entrepreneurial characteristics, such as batik craftsmen, pottery makers, and furniture producers. Rarely do these businesses exhibit entrepreneurial traits like risk-taking, forward-thinking, creativity, innovation, dedication, and originality.

Small dynamic enterprises refer to businesses with an entrepreneurial spirit and the capability to accept subcontracting and export activities. Fast moving enterprises refer to Medium Enterprises transitioning into Large Enterprises, possessing entrepreneurial characteristics. MSMEs have distinct characteristics that help identify their categories, such as inconsistent product types, non-fixed business locations, lack of proper administrative practices,

underdeveloped entrepreneurial spirit, low education levels, absence of legal documentation (e.g., business licenses and tax numbers), and limited access to funding (Admin Kelurahan Sukorejo Village, 2024).

Research Method

This research was conducted using a qualitative method and involved both primary and secondary data. Primary data collection was carried out through interview sessions with resource persons from the North Sumatra Chamber of Commerce and Industry (KADIN SU) and MSME partners of KADIN SU. Meanwhile, secondary data was collected through a library research approach by analyzing scientific publications (journals, proceedings, research reports, etc.) and articles related to the issues under study, including media coverage. The collected data was analyzed using a qualitative descriptive method through the stages of analysis, interpretation, and conclusion.

Findings and Discussion

1. Indonesian MSMEs' Overview

As one of the main pillars of the national economy, MSMEs play a crucial role as the backbone of a people-centered economic system. They have the ability to reduce issues related to discrepancies among business players, absorb labor not accommodated by large enterprises (including state-owned enterprises and government institutions), and assist the government in reducing poverty, especially within communities around their business locations.

A similar opinion was expressed by the Kemenkop UKM, stating that MSMEs are the backbone of Indonesia's economy, driving GDP growth by providing a safety net, especially for low-income communities, to engage in productive economic activities (Kemenkop UKM, 2022: I-14). According to Budiarto et al. (2024:240), MSMEs are the foundation of a people-centered economic system, which is why the government has made the development of these enterprises a primary goal of national economic development. The continuous growth and development of MSMEs are believed to positively impact the expansion of the economic base and accelerate structural changes that strengthen not only regional but also national economies as a whole (Jumadi, 2016:167).

In their role as a key pillar and backbone of the national economy, MSMEs have significantly contributed to society, particularly in urban areas. These contributions include expanding employment opportunities, providing broad economic services to all community levels, and stimulating economic growth through equitable income distribution and increased public income. Their significant role in strengthening the community's economy highlights the importance of professionalism in managing such enterprises. Proper and professional management is expected to expand economic bases, absorb more labor not accommodated by large enterprises and government institutions, and accelerate regional economic dynamics, ultimately contributing to national economic resilience.

The monetary crisis that hit Indonesia and many other countries from 1997 to 1998 demonstrated the contribution of MSMEs to national economic resilience. While many businesses failed, including numerous liquidated banking institutions, MSMEs remained resilient. Statistics from the Central Statistics Agency show that post-crisis, from 1997 to 1998, the number of MSMEs in the country increased, absorbing between 85 million and 107 million workers by the end of 2012. During this period, there were 56,539,560 business units active in the national economy, with MSMEs accounting for 99.99% of these, or 56,534,592 units, while large enterprises constituted only 4,968 units or 0.01% (Bank Indonesia & Financial Institutions Training Center, 2015:1).

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The resilience of MSMEs amidst economic crises compared to larger business units stems from their lack of dependency on large capital or foreign currency loans. This independence made them immune to currency fluctuations during the 1997-1998 period (Bank Indonesia & Financial Institutions Training Center, 2015:1).

The role and contributions of MSMEs in the national economy explain why LAW 20/2008 mandates prioritizing their development through broad support, protection, and business opportunities, reflecting the government's and stakeholders' commitment to people-centered economic groups.

This commitment can be seen in programs such as the Comprehensive Cooperative and MSME Data Collection Program conducted by the Kemenkop UKM in 2022. This program documented 9.11 million business activities, consisting of 9.09 million MSMEs and 20,000 cooperatives across Indonesia. According to the Deputy Speaker of the People's Consultative Assembly, Lestari Moerdijat, detailed data collection of MSMEs is vital for developing the national economy (Setjen MPR-RI, 2024).

In a publication on the official website of the Kemenkop UKM, it is stated that Indonesia's micro enterprises account for 99.62% of all business units, small enterprises for 0.30%, medium enterprises for 0.06%, and large enterprises for 0.01% (Kemenkop UKM, 2024). Despite driving 99% of the national economy, absorbing 97% of Indonesia's workforce, and contributing up to 60% to the national GDP (Golden Indonesia Team 2045, 2023:14), data on MSMEs show stagnation. Furthermore, data collection on their development and performance has been inconsistent, as noted in the 2022 Performance Report of the Kemenkop UKM, which still referred to 2019 data (Kemenkop UKM, 2022: I-14).

Fortunately, the Indonesian Chamber of Commerce has filled the gap in up-to-date data, recording growth trends for MSMEs up to 2023. Over the 2018-2023 period, the number of MSMEs showed positive growth, except in 2020. In 2019, there were 65.47 million units, a 1.98% increase from 2018. However, the number declined to 64 million in 2020, a 2.24% decrease. It then rose by 2.28% in 2022 to 65.46 million units and increased again by 1.52% to 66 million units in 2023. Throughout 2023, MSMEs absorbed approximately 117 million workers, or about 97% of Indonesia's total workforce (KADIN Indonesia, 2024).

The decline in growth during 2020 was attributed to the COVID-19 pandemic, which caused material shortages (48% of MSMEs faced difficulty obtaining materials), loss of income (77% reported income loss), reduced market demand (88% lost customers), and asset depreciation (97% experienced asset losses) (Lisnawati, 2024:1).

Despite positive growth trends, MSMEs face various challenges, including internal barriers like limited access to capital (reaching only 30-40%), low human resource competency, and lack of legal entity status for over 90% of such enterprises (Directorate of Analysis and Statistical Development, 2018:10). External challenges include an uncondusive business climate, lack of coordination among stakeholders, and unresolved legal, licensing, and funding issues. Addressing these challenges requires strengthening both internal management and external support systems to enhance the competitiveness and sustainability of MSMEs, contributing to broader economic development.

2. Role of KADIN Indonesia

The sustainability of MSME business units in the era of free trade and regional autonomy is highly dependent on the steps taken by the Government (central and regional) to develop MSME. The initial efforts that must be made include addressing the obstacles faced by MSME actors, particularly in creating a conducive business climate through the formulation of policies that support and promote the development of MSME.

The Chairman of the Permanent Committee for MSME Advocacy of KADIN SU stated that a conducive business climate can be achieved through transparent policies that do not burden MSME actors with excessive demands, such as eliminating over-regulation by the government, from the regional to the central levels, especially concerning complex regulations and administrative requirements as well as bureaucratic hurdles that hinder MSME actors from growing their businesses.

Some MSME actors partnering with KADIN SU revealed that illegal fees, mandatory donations, and various types of unauthorized levies imposed not only by street-level thugs but also by rogue officials make the business environment less conducive and increase their operational costs. As a result, they face the dilemma of either raising prices or reducing the portions or sizes of the commodities they trade. This, of course, negatively affects their competitiveness. Therefore, they hope the Government will eliminate such practices, which remain rampant on the ground.

According to the Chairman of the Permanent Committee for MSME Advocacy, a conducive business climate is crucial for MSME development. To date, KADIN SU has been working to encourage Regional Governments to create a conducive business climate for all MSME entrepreneurs operating in the Sumatera Utara Province.

In addition to promoting a conducive business climate, KADIN SU has also launched MSME development programs, one of which is transforming MSME business strategies from supply-driven (focused on increasing production or provision of goods/services) to demand-driven (focused on market demand). This strategic shift is expected to improve MSME growth efficiency and meet the actual needs of MSME.

Efficient MSME growth is marked by sustainable productivity growth. MSME productivity cannot grow sustainably if their business orientation remains focused on a supply-driven strategy. The real need for MSME is to sell as many products/services as possible over the longest period. For this reason, KADIN SU directs MSME entrepreneurs to focus more on current market demands (market-oriented). There is no need to prioritize increasing production volumes of goods or services if market demand trends are showing otherwise.

KADIN SU's efforts to shift from a supply-driven strategy to a demand-driven strategy include urging Regional Governments to take four actions: creating a conducive business environment for MSME actors, developing financial institutions that provide easier and more transparent access for MSME actors, offering business development services to MSME actors, and forming strategic alliances between MSME or between MSME and large enterprises, both domestic and international, to expand their business reach.

Another role of KADIN Indonesia is as a business advocacy medium. This role is carried out by KADIN SU by assisting MSME actors in Sumatera Utara in resolving various issues in legislative and executive forums as well as in the community. KADIN Indonesia's advocacy role has significantly contributed to the formulation of various government regulations and policies supporting MSME development, such as in intellectual property protection, tax incentives, ease of licensing, and more.

At the regional level, KADIN SU also helps MSME actors access financing through partnership programs, including partnerships with financial institutions and venture capital providers. Regarding financing, KADIN SU plans to establish an endowment fund (Entrepreneurship Development Fund) from Corporate Social Responsibility (CSR) funds of large companies, including BUMN, registered as KADIN SU members. This fund is intended to serve as collateral for credit applications by entrepreneurs affiliated with KADIN SU.

In addition to financial access support, KADIN SU provides non-financial support in the form of capacity building for human resources through education, training, workshops, conferences, internships, and similar programs. Other non-financial support includes

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facilitating product promotion through MSME participation in exhibitions, trade missions, and Digital Marketing campaigns.

KADIN SU also collaborates with the Professional Certification Coordination Agency (BKSP) of Sumatera Utara Province to improve the quality of human resources among MSME actors and workers through training and workshop programs. These activities, facilitated by the Business Development Institution (LPU) Training Center of KADIN SU, aim to produce reliable and dependable workers.

KADIN SU also provides a range of services, such as the provision and dissemination of business information and updates on industry developments, as well as the promotion and marketing of products to ensure smooth commodity/service sales at fair prices. This includes assisting in obtaining suitable business locations in strategic and profitable areas.

The role of KADIN Indonesia in the national business landscape is regulated by Keppres 18/2022 *juncto* Surat Keputusan Dewan Pengurus KADIN Indonesia No: SKEP/272/DP/IX/2023 concerning Organizational Rules Regarding Guidelines for Role Division between the Chamber of Commerce and Industry, Business Organizations, and Entrepreneur Organizations (hereinafter referred to as SKEP DP KADIN 272/2023).

Article 11 of Annex I of Keppres 18/2022 stipulates that to achieve the effective implementation of its core duties, KADIN Indonesia plays a central role in addressing cross-sectoral issues based on the principle of balance. Sectoral matters are delegated to business organizations, while entrepreneur organizations are assigned to handle matters related to aligning aspirations. The cross-sectoral intervention mentioned in Article 11 of Annex I of Keppres 18/2022 is explained in Article 1 point 13 of SKEP DP KADIN 272/2023, which states that cross-sectoral issues are problems involving the interests of various types of businesses, commodities, or services as defined in the Indonesian Standard Industrial Classification (KBLI).

Furthermore, Article 4 of SKEP DP KADIN 272/2023 states that cross-sectoral matters refer to issues related to infrastructure, fiscal, taxation, monetary policy, transportation, banking, industry, business ethics, human resources, investment, and so forth.

Conclusion

Article 4 of UU 1/1987 stipulates that KADIN Indonesia is the platform for all Indonesian entrepreneurs, both those affiliated with business or company organizations and those who are not. This means that KADIN Indonesia not only oversees business associations but also all Indonesian entrepreneurs, enabling them to participate effectively and widely in national development activities. As the parent organization for entrepreneurs, KADIN Indonesia is not affiliated with the Government or any political organizations, and in carrying out its activities, KADIN Indonesia does not seek profits from the entrepreneurs or companies that are its members (non-profit). The role played by KADIN Indonesia is as a medium for communication, information, representation, consultation, facilitation, and advocacy between entrepreneurs, between entrepreneurs and the Government, and between domestic and foreign entrepreneurs, particularly in matters related to trade, industry, investment, and services, in order to create a conducive, clean, transparent, professional, collaborative, innovative, and competitive business climate.

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