

Kadin Institutional Management In Developing MSMe In North Sumatra Province

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Abstract

The development of UMKM in the province of North Sumatra is an important step to support economic stability in Indonesia, fulfill community needs, absorb labor, and many other benefits. This research uses a qualitative approach with descriptive methods as the basis for its implementation. And it aims to analyze how the institutional management of KADIN in North Sumatra can be more optimal in providing services to UMKM. Data collection was carried out through observation and interviews. Observation involves direct observation at the research location by paying attention to various elements such as space, actors, activities, objects, and objects used or produced. There are several problems that are obstacles for several UMKM actors. However, the results of observations and interviews show that for UMKM development, KADINSU has played an active role in providing training to UMKM actors in North Sumatra. And regarding the services provided by KADINSU to UMKM players, especially in terms of responsiveness and empathy towards community needs, it is considered very good. As well as institutional management shows that KADINSU also functions as a strategic partner between the government and UMKM players in North Sumatra.

Keywords: Institutional Management, MSMe Development, KADIN, Service Delivery.

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Introduction

North Sumatra Province is known as one of the regions with a large economic contribution in Indonesia, where the Micro, Small and Medium Enterprises (MSME) sector plays an important role. Based on data from the Ministry of Cooperatives and MSMEs (2022), MSMEs contribute around 60% to the national Gross Domestic Product (GDP), with North Sumatra being one of the regions that supports this contribution. However, the development of MSMEs in this province still faces various obstacles that hinder competitiveness, especially in facing the challenges of the digital era and globalization.

One of the main problems is the weak access of MSMEs to supporting facilities and services. Study conducted by Yusuf, Seftiana, and Lidyah, (2022) revealed that Empowering MSMEs is an important thing to do and is one of the government's strategies in overcoming poverty in Indonesia. However, many MSMEs still experience various internal and external obstacles in developing their business. KADIN as an organization that acts as a facilitator and bridge for business actors, should play a more significant role in overcoming these obstacles. However, the effectiveness of KADIN's institutional management in supporting MSMEs in North Sumatra is still a big question mark. According to research conducted by Muchlis, M. (2017), MSMEs have a very large role in the economy, especially in the midst of an economic crisis. However, the government's attention to this sector is still minimal, so the potential for MSMEs to develop cannot be maximized.

Apart from that, collaboration between KADIN, local governments and other supporting institutions is still not optimal. Data from BPS (2020) shows that 45% of MSMEs in North Sumatra admit that they do not have access to an effective business network. In fact, a strong business network is the key to the success of MSMEs expand markets, both domestic and international. This weak coordination shows the need for improvements in institutional management to increase synergy between stakeholders.

Another phenomenon of concern is the low level of digitalization among MSMEs in North Sumatra. According to a survey conducted by the Indonesian E-Commerce Association (idEA) in 2022, only around 27% of MSMEs in this region will have utilized digital platforms for their business operations. This shows a significant gap between the needs of the modern era and KADIN's institutional capabilities in providing relevant training or technological support. Additionally, the COVID-19 pandemic has worsened the situation. Research by Assyfa, (2023) shows that the Covid-19 pandemic has had an impact on MSME income, with a decrease of 53.76%. This decline was caused by reduced sales and people's purchasing power which led to a decrease in consumption levels.

KADIN As an institution that is expected to be a catalyst for economic recovery, it is necessary to formulate more innovative strategies to help MSMEs recover from adversity. The relevance of this research is getting stronger because currently the government continues to encourage the development of MSMEs as the backbone of the national economy. Presidential Regulation Number 2 of 2022 concerning Empowerment of MSMEs emphasizes the importance of institutional support that is adaptive and based on local needs. In this context, KADIN has a strategic role to support the implementation of these policies at the regional level. This research aims to analyze how the institutional management of KADIN in North Sumatra can be more optimal in providing services to MSMEs. Through this approach, it is hoped that concrete solutions will be found to improve the institutional structure and increase the effectiveness of KADIN services.

By building stronger synergy between KADIN, the government and MSME players, North Sumatra has an opportunity to increase its economic competitiveness. It is hoped that this research can become a basis for improving institutional policies that are more adaptive and sustainable. This research is not only theoretically relevant, but also has practical implications.

Literature Review

MSME Development

MSME development is an important focus in national economic development because of its strategic role in improving community welfare. According to Harahap and Tambunan (2022) explain that Micro, Small and Medium Enterprises (MSMEs) have an important role in Indonesia's national economic development. They noted that the contribution of MSMEs to Gross Domestic Product (GDP) reached around 60.5% and was able to absorb a significant amount of labor, showing its positive impact on economic growth and poverty alleviation in society.

Kusnadi's research (2022) shows that strategy significant. By identifying the challenges and opportunities facing KADIN, this study contributes to the development of more effective MSME management strategies in North Sumatra Province, as well as becoming a model for other regions in Indonesia. Effective MSME development requires support in three main areas: entrepreneurship training, inclusive financing, and expanded market access. In the local context, MSMEs in North Sumatra need collaboration with various parties, including KADIN, to strengthen their competitiveness in key sectors such as agribusiness, small manufacturing and handicrafts.

In addition, Tambunan (2019) emphasized the importance of adopting digital technology by MSMEs to expand market networks and increase operational efficiency. With strong institutional support, such as technology-based training programs provided by KADIN, MSMEs can be better prepared to face challenges globalization and increasingly fierce market competition.

KADIN Services KADIN services act as the main facilitator for business actors, including MSMEs, in accessing various resources needed for business development. Harahap (2021) noted that KADIN's services include business management training, policy advocacy,

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and liaison between business actors and investors. This creates an ecosystem that supports the sustainability of MSME businesses.

A study by Hertina (2023) in their research stated that "financial literacy and tax literacy training provided to MSMEs at the Chamber of Commerce and Industry contributed significantly to improving their managerial skills and understanding of financial management and tax obligations.

However, the effectiveness of this service is highly dependent on KADIN's ability to understand needs specific members. Sutrisno (2020) highlighted the importance of regular evaluation of KADIN service programs so that they remain relevant to market dynamics. In the context of North Sumatra, programs such as community-based local product development and digital marketing training are examples of much needed services. (2021), institutional management includes management of human resources, organizational structure, and relationships between stakeholders. In the context of KADIN, good management enables this organization to carry out MSME development programs efficiently and with impact.

Research by Sudaryono (2021) shows that effective institutional management must have a flexible structure and strong leadership visionary, and a transparent monitoring system. Strong institutions also enable KADIN to respond quickly to changes in the business environment, such as facing challenges resulting from the COVID-19 pandemic.

In addition, Mulyadi (2019) emphasized the importance of inclusive institutional governance, where all stakeholders, including local governments, MSME actors and the private sector, can collaborate to achieve common goals. In this case, KADIN in North Sumatra needs to strengthen its collaborative network with various institutions.

Institutional Management

Institutional management is the foundation of every organization, including KADIN, to ensure strategic goals can be achieved effectively. According to Robbins and Coulter

Research Methodology

This research uses a qualitative approach with descriptive methods as the basis for its implementation. According to Ramdhan (2021), a qualitative approach is characterized by presenting data in the form of words, sentences and narratives to describe the process and meaning in depth, although it remains descriptive. The theoretical framework is utilized to ensure the research focus is in line with existing reality. In parties to expand the reach of their services to MSMEs in remote areas.

With good institutional governance, KADIN can maximize its potential in creating programs innovative programs and provide a real impact on the development of MSMEs. As stated by Kotler and Keller (2016), the success of institutional management also depends on the organization's ability to apply a data-based approach in decision making and strategic planning. In its implementation, this research relies on field studies and literature reviews as the main sources of data collection.

This research was conducted within the KADIN and MSME environment in the North Sumatra region, with an implementation schedule from October to December 2024. The research subjects included 9 informants consisting of 1 KADINSU staff, 8 MSME actors.

Data collection was carried out through observation and interviews. Observation involves direct observation at the research location by paying attention to various elements such as space, actors, activities, objects, and objects used or produced, taking into account relevant

time and events. Meanwhile, interviews were used to gather information related to public services, which were measured through three main dimensions: MSME Development, Institutional Management, and Kadin Services. Interviews were conducted with various parties, including KADINSU staff, as well as MSME actors. This research includes four main stages that take place in parallel, namely data collection, data simplification, data presentation, and drawing conclusions.

Results and Discussion

A. MSME Development

MSMEs in North Sumatra are the backbone local economy. To increase the capacity and competitiveness of MSMEs, a structured and systematic approach is needed. KADINSU plays a role in providing strategic support to MSME players through programs designed to help them overcome the challenges they face, such as access to capital, training and marketing. With proper development, MSMEs can contribute more to regional economic growth.

One of the initiatives carried out is a mentoring program for MSMEs. Through this program, business actors receive guidance in managing their business, including aspects of marketing, financial management and product development. With this assistance, it is hoped that MSMEs can grow and compete in a wider market.



Figure 1. KADINSU and MSME Development

The results of observations and interviews show that KADINSU has played an active role in providing training to MSMEs in North Sumatra. This effort is part of KADINSU's strategy to encourage the development of MSMEs in the region, so that MSMEs can develop rapidly in their respective fields.

B. KADINSU Services

KADINSU provides various services designed to support the development of MSMEs. Through mentoring, training and network access, KADIN helps MSMEs develop the skills and knowledge needed to be successful. For example, training on financial management and marketing can help MSMEs improve operational efficiency and expand markets. This service is important to ensure that MSMEs can not only survive, but also grow in a competitive environment.



Figure 2. KADINSU Services to MSME Players

Based on findings from observations and interviews, the services provided by KADINSU to MSMEs, especially in terms of responsiveness and empathy towards community needs, are considered very good. MSME players are satisfied with the services provided, without any significant complaints, because service standards have been implemented optimally.

C. Institutional Management

Good institutional management at KADIN is very important ensure that the services provided run effectively and efficiently. KADINSU must be able to collaborate with various parties, including the government, educational institutions and the private sector, to create an ecosystem that supports MSMEs. With good management, KADINSU can identify the needs of MSME players and design relevant programs. Apart from that, policy advocacy carried out by KADIN also plays a role in creating a better business environment for MSMEs.



Figure 3. KADINSU Institutional Management

Findings from observations and interviews show that KADINSU also functions as a strategic partner between the government and MSME actors in North Sumatra. This role has a significant positive impact on the development of MSMEs and contributes to the province's economic growth.

Conclusion and Recommendations

Conclusion

Based on the research results, it can be concluded that:

1. KADINSU plays a role in providing strategic support to MSMEs through programs designed to help them overcome the challenges they face, such as access to capital, training and marketing. With proper development, MSMEs can contribute more to regional economic growth. One of the initiatives carried out is a mentoring program for MSMEs. The results of observations and interviews show that KADINSU has played an active role in providing training to MSMEs in North Sumatra.
2. KADINSU provides various services designed to support the development of MSMEs. Based on findings from observations and interviews, the services provided by KADINSU to MSMEs, especially in terms of responsiveness and empathy towards community needs, are considered very good. MSME players are satisfied with the services provided, without any significant complaints, because service standards have been implemented optimally.
3. Good institutional management at KADINSU is very important to ensure that the services provided run effectively and efficiently. With good management, KADINSU can identify the needs of MSME players and design relevant programs. Figure 3. Findings from observations and interviews show that KADINSU also functions as a strategic partner between the government and MSME actors in North Sumatra. This role has a significant positive impact on the development of MSMEs and contributes to the province's economic growth. to support the success of the program.

Suggestion

The following are some suggestions that the author can give :

1. KADINSU needs to expand assisting MSMEs with more specific training, such as digital marketing and financial management, as well as involving more partners
2. It is recommended that KADINSU regularly evaluate services and increase human resource capacity so that services are more effective and continue to be relevant to the needs of MSMEs.

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