

# The Role of Savings and Loan Cooperatives in Efforts to Develop Micro, Small, And Medium Enterprises (MSMEs), Especially in Fostered Vegetable Business Field KSP Kopdit Hiro Heling

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## **ABSTRACT**

This research aims to optimize the role of savings and loan cooperatives in efforts to develop micro, small, and medium enterprises, especially in vegetable business fostered by KSP. Kopdit Hiro Heling. In this study, qualitative data is used, namely data in the form of words or non-numbers. The qualitative data used in this study were obtained through interviews and observations. The analysis technique used in this study is by using an interactive analysis model. This model is used to dig up information about the credit risk that occurs. The results of the study show that KSP Kopdit Hiro Heling has a strategic position in developing the economic potential of its members through the provision of business capital, training, and marketing support. With a comprehensive strategy, this cooperative helps its members increase productivity, competitiveness, and business sustainability. KSP Kopdit Hiro Heling also has a significant role in improving the quality of life of its members through skills training, family economic stability, and collaboration support with external parties. These cooperatives not only meet basic economic needs but also help their members achieve personal success and social well-being.

**Keywords:** The role of savings and loan cooperatives, The development of micro, small, and medium enterprises, and Credit cooperatives.

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## **1. INTRODUCTION**

Micro, small, and medium enterprises are small-scale people's economic activities that meet the criteria of net worth or annual sales. According to CPIS (Center For Policy and Implementation Studies) in Syuhada and Lailaturrohmah (2022), what is meant is a unit of economic activity with a workforce of six to seven people. According to Law No. 20 of 2008

micro, small, and medium enterprises are independent productive economic enterprises, that are carried out by individuals or business entities that are not subsidiaries or branches of companies owned, controlled, or become part either directly or indirectly of medium enterprises or large enterprises that meet one of the following criteria: Have a net worth of more than Rp.50,000,000.00 excluding land and buildings where the business is located, or have an annual sales result of Rp.300,000,000.00 to a maximum of Rp.2,500,000,000.00. So that SME development programs need to be carried out to provide great benefits to SMEs, especially helping SMEs solve their problems such as capital, human resources, marketing, and the use of technology, as well as increasing the competitiveness of SMEs against the development of globalization (Raniwati Siregar and Marliyah, 2022).

Sanga (2022) explained that the existence of cooperatives as a pillar of the people's economy is experiencing very rapid development at this time. As a pillar of the people's economy, cooperatives have a big role as a financial institution that has proven to be able to provide benefits for everyone who joins it. Cooperatives are an alternative to many options to achieve a better economic condition.

Based on data released by the Central Statistics Agency (2024) related to the Annual Micro and Small Industry Survey, it is known that data as of 2022 is that the number of Micro Enterprises is 4,122,869 units and Small Enterprises are 216,359 units. The number of Micro and Small Industries in East Nusa Tenggara Province is 168,002 units, while the number of Micro and Small Industries in Sikka Regency is 31,209 units. Meanwhile, the number of Micro and Small Industries fostered by KSP. Kopdit Hiro Heling as many as 2,120 units with the following details:

**Table 1. Micro and Small Industries Fostered by KSP. Kopdit Hiro Heling**

<b>NO</b>	<b>TYPE OF BUSINESS</b>	<b>NUMBER OF PEOPLE</b>
<b>1</b>	Kiosk Business	<b>616</b>
<b>2</b>	Vegetable Business	<b>234</b>
<b>3</b>	Wood Furniture Business	<b>30</b>
<b>4</b>	Motorcycle Repair Business	<b>37</b>
<b>5</b>	Cake Selling Business	<b>90</b>
<b>6</b>	Ikat Weaving Business	<b>351</b>
<b>7</b>	Fish Trading Business	<b>52</b>
<b>8</b>	Mobile Trading Business	<b>429</b>
<b>9</b>	Pig Farming Business	<b>75</b>
<b>10</b>	Chicken Farming Business	<b>106</b>
<b>11</b>	Commodity Trading Venture	<b>29</b>
<b>12</b>	Fishermen's Business	<b>53</b>
<b>13</b>	Goat Farming Business	<b>18</b>
	<b>TOTAL</b>	<b>2.120</b>

Source: KSP. Kopdit Hiro Heling, 2023

KSP. Kopdit Hiro Heling has a big responsibility in the development of fostered MSMEs, especially in the vegetable business which totals 234 business units that are the object of observation. As a cooperative-based financial institution, KSP. Kopdit Hiro Healing strives to improve the ability of MSME actors to access financing sources, increase the quantity and quality through entrepreneurial training, and increase the quantity and quality of rehabilitation services for MSMEs. Providing facilities and support for financial institutions in providing MSME financing services is a strategy taken for the

development of MSMEs. In addition, KSP. Kopdit Hiro Healing also provides mentoring services that help MSME members in business management and financial management. This support allows MSMEs in the vegetable business to grow sustainably and be competitive in strengthening the local economy.

**Table 2. Data on Credit Distribution to Vegetable Farmers at KSP Kopdit Hiro Heling**

YEAR	CREDIT RECIPIENTS	CREDITS DISBURSED
2019	12	Rp. 80.000.000
2020	17	Rp.109.500.000
2021	22	Rp.157.800.000
2022	19	Rp.169.500.000
2023	26	Rp.207.000.000

Source: KSP. Kopdit Hiro Heling, 2023

This credit distribution data is part of the role of KSP financing. Kopdit Hiro Heling to MSMEs, which shows an increasing trend in the number of credit recipients and the value of credit disbursed. A positive trend occurred in the value of the loans provided, but the growth trend in the number of beneficiaries decreased in 2022 and increased again in 2023. However, the distribution of credit as business capital also experienced problems, namely the occurrence of bad loans.

**Table 3. Data on Credit Distribution to Vegetable Farmers at KSP Kopdit Hiro Heling Bad Credit Category**

NO	YEAR	CREDIT RECIPIENTS	CREDITS DISBURSED	NUMBER OF MEMBERS STUCK	BAD CREDIT
1	2019	12	Rp. 80.000.000	5	Rp. 23.750.000
2	2020	17	Rp.109.500.000	8	Rp. 31.255.000
3	2021	22	Rp.157.800.000	7	Rp. 57.805.000
4	2022	19	Rp.169.500.000	8	Rp. 52.357.000
5	2023	26	Rp.207.000.000	12	Rp. 74.750.500

Source: KSP. Kopdit Hiro Heling, 2023

The occurrence of bad loans is due to the lack of human resources of vegetable farmers in managing finances so the income from the business is misused for other purposes by ignoring principal installments and loan interest. In addition to bad loans, other problems are related to low financial literacy among members, as well as weak business management. The results of interviews with vegetable business actors Laurensius Lopis, Yoseph Edison, and Katharina found that problems such as water shortages, insect attacks, fluctuations in vegetable prices, difficulties in product distribution and marketing, and lack of innovation in post-harvest processing are also the main obstacles. The lack of supporting infrastructure such as irrigation and agricultural technology can also affect productivity, making it difficult to develop businesses optimally. This problem occurs due to low human resource capabilities, weak governance, and suboptimal guidance from the government.

The focus of writing this article is the Role of KSP. Kopdit Hiro Heling in the development of vegetable MSMEs by Law No. 25 of 1992 concerning Cooperatives, Chapter III Article 4 letters a and b, namely (a) building and developing the economic

potential and ability of members in particular and the community in general to improve their economic and social welfare. The indicators used are capacity and competency development, financing and access to capital, and joint marketing. (b) actively participate in efforts to improve the quality of human life and society.

KSP. Kopdit Hiro Heling has an important role in the economy because this cooperative prioritizes its members to achieve welfare by the mandate of the law, namely distributing work models and providing assistance and coaching for the growth and development of Micro, Small, and Medium Enterprises (MSMEs). The function of KSP. Kopdit Hiro Heling is in line with the law. Number 25 of 1992 concerning Cooperatives, namely: a) building and developing the economic potential and capabilities of members in particular and the community in general to improve their economic and social welfare. b) actively participate in efforts to improve the quality of human life and society. c) strengthening the people's economy as the basis for the strength and resilience of the national economy with cooperatives as the pillar. and d) strive to realize and develop the national economy which is a joint effort based on the principle of kinship and economic democracy. Fadliansyah, (2021) in his research entitled *The Role of Savings and Loan Cooperatives in Efforts to Develop Micro, Small and Medium Enterprises (MSMEs) in West Aceh Regency (Case Study on Savings and Loan Cooperatives (KSP) Mandiri Jaya Meulaboh)* said that, 1). The role of the Mandiri Jaya Meulaboh savings and loan cooperative (KSP) in the development of MSMEs is as a capital provider in MSME activities to improve economic growth and store money other than banks. Capital is given to MSME actors in the form of loans with a certain term. 2) Efforts of the Mandiri Jaya Meulaboh Savings and Loan Cooperative (KSP) to empower the community's economy in West Aceh Regency, in addition to providing capital for MSME actors, the Cooperative also provides counseling and assistance as well as facilitating the sales market for MSME actors. Then the next research is Hijriah, (2024) research entitled *Analysis of the Role of Savings and Loan Cooperatives in Efforts to Develop Micro, Small and Medium Enterprises (MSMEs) (Gumarang Akbar Syariah Savings and Loan Cooperative Study)* where the results of his research it is said that, a) KSP Gumarang Akbar Syariah plays a role in the development of MSMEs in Mataram City, namely as a provider of business capital, improving economic growth and saving money other than banks. b) Efforts of the Gumarang Akbar Syariah Savings and Loan Cooperative (KSP) to empower the community's economy in Masyarakat Mataram City by providing capital for MSME actors.

Research on the role of Savings and Loan Cooperatives (KSP) in the development of Micro, Small, and Medium Enterprises (MSMEs) has been carried out a lot. However, these studies often discuss MSMEs in general or focus on diverse business sectors. This research comes with a more specific and in-depth focus, namely on the role of KSP in the development of MSMEs in the vegetable business which is fostered by KSP Kopdit Hiro Heling. This study specifically examines MSMEs engaged in the vegetable business. The sector has unique characteristics, such as production cycles that are influenced by seasons and weather, specific capital requirements for the purchase of seeds, fertilizers, and care, as well as challenges in the marketing and distribution of perishable products. This research will delve deeper into how KSP can address the specific needs of MSMEs in this sector, which may not be discussed in detail in more general research.

## **2. LITERATUR REVIEW**

### **a. Grand Theory**

The grand theory underlying this research is agency theory. The concept of agency theory is a relationship or contract between the principal and the agent (Anthony and Govindarajan, 2010). Agency theory is a theory that explains the relationship between the

principal as the first party and the agent as the other party who is bound by the contract agreement. Principal-agent theory analyzes the contractual arrangement between two or more individuals, groups, or organizations. One party (principal) makes a contract, either implicitly or explicitly, with the other party (agent) with the expectation that the agent will act/perform the work as cooled by the principal (in this case, there is delegation of authority) (Abdulah and Halim, 2006).

The writing of this article uses agency theory to explain the relationship between KSP. Kopdit Hiro Hering as the principal and supporting MSME actors as agents. Cooperatives have delegated the authority to manage financing to MSME actors through the provision of loan funds in the hope of supporting business development, especially in the vegetable sector. However, agency theory identifies potential problems in these relationships, including information asymmetry. Cooperatives may not have complete information about the use of loan funds. In addition, there is a moral hazard, namely the possibility that MSME actors do not use loan funds according to their designation. To overcome this problem, cooperatives can implement mechanisms such as making clear contracts, conducting monitoring and evaluation, providing incentives to high-performing MSMEs, and providing training and mentoring. Through this approach, agency theory optimizes the effectiveness of the role of cooperatives, the performance of MSME actors, and the relationship between principals and agents so that MSME empowerment programs can run more effectively and sustainably.

### **b. Cooperation**

Article 1 of Law No. 25 of 1992 describes the concept of cooperatives as business entities consisting of individuals or cooperative legal entities by basing their activities on the principle of cooperatives as well as as a people's economic movement based on the principle of kinship. From the above understanding, several things need attention, which show the characteristics of Indonesian Cooperatives, namely:

- a. Cooperatives as business entities. This shows that Cooperatives like other business entities need to be managed professionally and based on rational, effective, efficient, and productive business principles so that they can achieve their goals.
- b. Consists of a person and a legal entity of the Cooperative. This shows that Indonesian cooperatives are not a collection of capital, but a collection of people who work together to achieve a common goal.
- c. Work based on the principle of Cooperatives (Article 5 of Law No. 25 of 1992). The Cooperative Principle is a unit and cannot be separated in the life of the Cooperative. By implementing all of these principles. Cooperatives realize themselves as a business entity as well as a people's economic movement with a social character.
- d. Indonesian cooperatives must truly be the common interests of their members. This means that what comes first is not personal interests, but common interests that at the same time also reflect the interests of individual members.

### **c. Micro, Small and Medium Enterprises (MSMEs)**

Law Number 20 of 2008, the definition of MSMEs is:

- 1) Micro business is a productive business owned by an individual and/or an individual business entity that meets the criteria for a micro business.
- 2) Small business is a stand-alone productive economic enterprise, carried out by an individual or business entity that is not a subsidiary or not a branch of a company owned, controlled, or directly or indirectly part of a medium or large business.
- 3) Medium business is a stand-alone productive economic enterprise, carried out by an

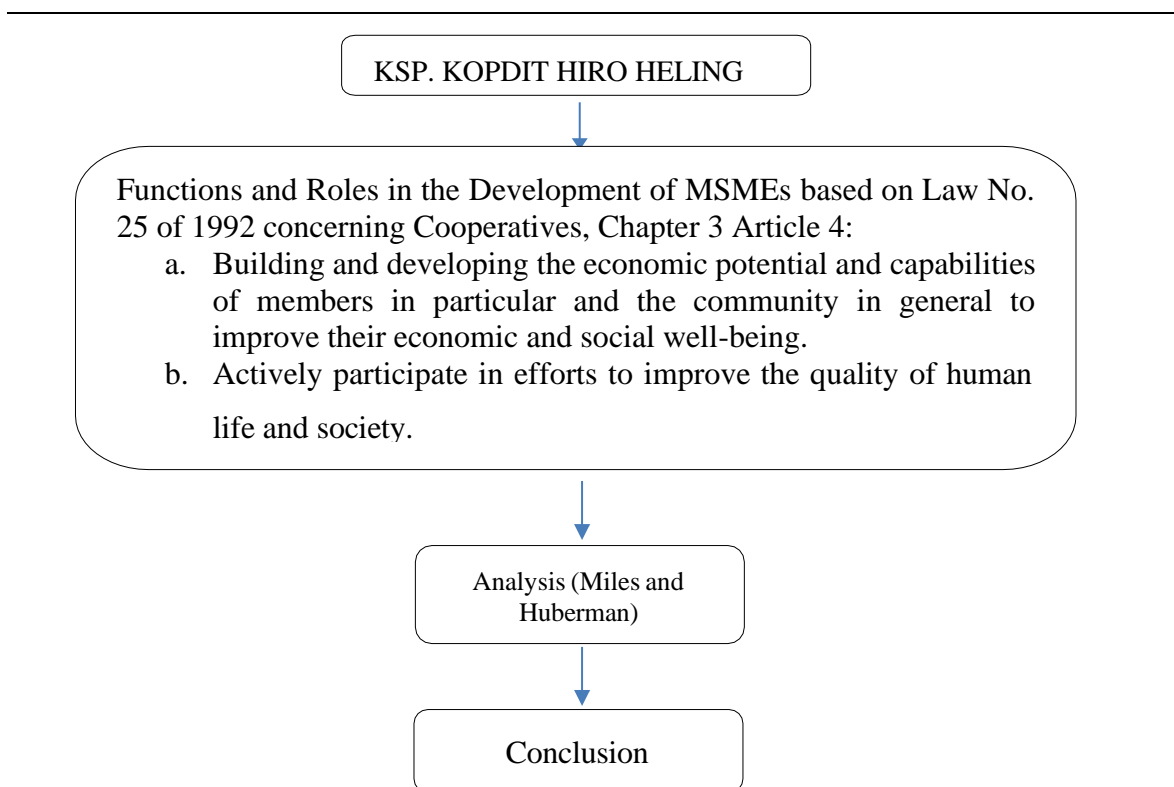
individual or business entity that is not a subsidiary or branch of the Company that is owned, controlled, or is part either directly or indirectly of a small business or large business with an amount of net worth or revenue.

Micro, Small, and Medium Enterprises, especially vegetable businesses, are entrepreneurs who have limited capital used for vegetable businesses, ranging from planting, caring for, and harvesting to selling the results of the vegetable business. Due to limited capital, vegetable entrepreneurs have a very difficult time developing their businesses. From the results of this business, one of the vegetable entrepreneurs wants to sell himself by going around using a modified motorcycle by adding a vegetable basket to the back of the motorcycle. There is also a problem experienced by vegetable entrepreneurs, namely fresh vegetables that have been harvested sometimes do not sell out in a day, as a result, the vegetables cannot be sold again the next day because they have withered, plus the vegetables have been exposed to sunlight for a long time while traveling.

#### **d. Conceptual Framework**

KSP. Kopdit Hiro Heling is one of the cooperatives that has functions and roles that are carried out to achieve the welfare of members. One of them is through the development of member businesses. The functions and roles of MSMEs are carried out based on the mandate of Law No. 25 of 1992 concerning Cooperatives, in article 4 which describes the roles and functions of cooperatives, namely a) building and developing the economic potential and capabilities of members in particular and the community in general to improve their economic and social welfare. b) actively participate in efforts to improve the quality of human life and society. c) strengthening the people's economy as the basis for the strength and resilience of the national economy with cooperatives as the pillar. And d) strive to realize and develop the national economy which is a joint effort based on the principle of kinship and economic democracy.

Based on these functions and roles, in this study, the writer conducted a research study on the functions and roles of KSP. Kopdit Hiro Heling concerning Article 4 letters a and b of Law No. 25 of 1992, namely a) building and developing the economic potential and ability of members in particular and the community in general to improve their economic and social welfare. The indicators used are capacity and competency development, financing and access to capital, and joint marketing. b) actively participate in efforts to improve the quality of human life and society. The indicators used are mentoring facilities and local product development.



**Figure 1. Thinking Framework**

### 3. RESEARCH METHOD

In this study, qualitative data is used, namely data in the form of words or non-numbers (Suliyanto, 2011). This data usually describes a characteristic or trait. The qualitative data used in this study were obtained through interviews and observations. The qualitative research method is a research method used to research the natural condition of objects. The reason for choosing this qualitative approach is because:

- a. This qualitative method presents directly the essence of the relationship between the researcher and the respondents,
- b. This qualitative method is more resilient and can adapt to the environment, shared influences, and value patterns faced
- c. Younger qualitative methods adjust if later faced with the double reality

Based on this type of data, the data sources used are (According to Endraswara, 2016):

- a. Primary data.

Primary data is data collected by researchers directly from the first source, Suliyanto (2011:131). The primary data used in this study is sourced from the results of observations and interviews conducted on the research object.

- b. Secondary Data

According to Uma, (2011:76), secondary data is data that refers to information from existing sources. The data in this study are: data on the number of vegetable MSME actors and loan data.

Data is the whole information about matters related to research. The data source is the subject from which the data is obtained. Data collection measures include efforts to limit research, collect information through observation and interviews both structured and unstructured, documentation, visual materials, and efforts to design protocols for recording/recording information (Creswell, 2016: 253). Some of the data collection techniques that the author will carry out are:

a. In-depth interview.

This research focuses on how the internal and external factors of savings and loan cooperatives are managed in cooperative institutions and cooperative members who are closely related to MSMEs. This interview was conducted with 1 administrator, 1 General Manager, 1 credit section, 1 LO/AO, and 3 members of Sayur MSMEs at KSP. Kopdit Hiro Heling.

b. Observation.

The author went directly to the field to observe the behavior and activities of individuals at the research site in this observation, the author recorded/recorded both in a structured and semi-structured way.

c. Document study.

This document can be in the form of a loan agreement document for Sayur MSME members and education data and business assistance for members.

In this study, the data analysis technique used by the researcher used the Miles and Huberman model. Data analysis in qualitative research is carried out at the time of data collection and after the completion of data collection in a certain period. At the time of the interview, the researcher had analyzed the answers interviewed. Miles and Huberman (1984), stated that activities in qualitative data analysis are carried out interactively and take place continuously until they are complete so that the data is saturated. Activities in data analysis, namely, data reduction, data display, and conclusion drawing/verification (Sugiyono, 2007:246).

The analysis technique used in this study is by using an interactive analysis model. This model is used to dig up information about the credit risk that occurs. According to Miles & Huberman (1992), this interactive analysis model has three components of its analysis, namely data reduction, data presentation, and conclusion drawn/verification, the activity is carried out in an interactive form with the data collection process as a cyclical process. The three flow of activities is data reduction, data presentation, and conclusion drawn/verification. The data analysis model proposed by Miles and Huberman is often referred to as the interactive analysis model.

#### **4. RESULTS AND ANALYSIS**

##### **a. Research Results**

##### **1) Building and developing the economic potential and ability of members in particular and the community in general to increase their economic and social welfare to increase economic and social welfare in the vegetable business assisted by KSP Kopdit Hiro Heling.**

The development of the economic potential and ability of members is one of the functions and roles of cooperatives, as explained in Law No. 25 of 1992 Article 4. Cooperatives play a role in developing the economic potential and capabilities of members and communities to improve economic and social welfare. Development of the potential and economic capabilities of members in KSP. Kopdit Hiro Heling is carried out through

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strategic programs, expanding access to capital for members, assisting in the development of local products, marketing member products, and maintaining the continuity of MSME development programs.

In KSP. Kopdit Hiro Heling, The development of members' economic potential and capabilities is carried out through programs and strategic steps that have been set, namely prioritizing loan services for members for productive economic businesses, loan services with the Grace Period system in the field of agriculture and livestock, making demonstration plots or sample gardens for members and providing assistance on an ongoing basis, special monthly assistance for productive business groups, and comprehensive assistance for all groups with additional materials according to the needs or requests of the group. This program is part of KSP's vision. Kopdit Hiro Heling to not only become a savings and loan institution but also a strategic partner in economic empowerment and improving the quality of life of its members. This is in line with the results of an interview conducted with Mr. Ignatius Iking as the KSP administrator. Kopdit Hiro Heling. The following is an excerpt from the interview:

*“The program or strategic step is to prioritize loan services for members for productive economic businesses, loan services with the Grace Period system in the field of agriculture and animal husbandry, making demonstration plots or sample gardens for members and providing assistance on an ongoing basis, special monthly assistance for productive business groups, and comprehensive assistance for all Kelmpok with additional materials according to the needs or requests of the group.”*

KSP. Kopdit Hiro Heling implements a program to develop members' economic potential and capabilities, supported by access to capital financing for members. This role is carried out by building a network with the Maumere Swadaya Utama Puskopdit and the Government as a loan fund provider and the Revolving Fund Management Institution (LPDB) which is useful to meet the business capital needs of members. This is in line with the results of an interview conducted with Mr. Ignatius Iking as the KSP administrator. Kopdit Hiro Heling. The following is an excerpt from the interview:

*“The role of cooperatives is to build a network with upper-level cooperatives through the Puskopdit and the government in terms of LPDB Loans so that when members need funds or financing for business needs, everything can be overcome.”*

To make it easier for members to access this business capital, KSP. Kopdit Hiro Heling establishes concrete steps as the basis for implementation so that members can obtain convenience, namely helping members take care of administration to make it easier to complete all requirements, carry out all stages by the Loan Service SOP, and inform members after all stages have been passed for disbursement. This is in line with the results of an interview conducted with Mr. Matheus Liberti the General Manager of KSP. Kopdit Hiro Heling. The following is an excerpt from the interview:

*“Concrete steps are taken to make it easier for members to access financing and business capital, namely, management helps members take care of administration to make it easier to complete all requirements, carry out all stages by the SOP for Loan Services, and inform members after all stages have been passed to come to disbursement.”*

There is access to financing provided by KSP. Kopdit Hiro Heling, members feel very helped. By obtaining business capital financing through productive loans, members' businesses can run well to increase family income. In addition, there is a rescheduling mechanism that is carried out if members experience problems and get additional business capital. This is in line with the results of an interview conducted with Mrs. Katharina as a member of KSP. Kopdit Hiro Heling. The following is an excerpt from the interview:

*“I feel helped. By getting the financing, my business can run well and increase my family's income. If they encounter obstacles, the cooperative will make it easier by rescheduling or getting additional capital to revive the business.”*

After the business capital loan was distributed to members, KSP Management and Management. Kopdit Hiro Heling facilitates and assists members in the use of business capital and the development of local products. This is done through the formation of a member business assistance team through training, and evaluation of activities. This is in line with the results of an interview conducted with Mr. Ignatius Iking as the KSP Administrator. Kopdit Hiro Heling. The following is an excerpt from the interview:

*“The facilities and assistance provided by the cooperative for the development of local products are carried out by forming a team to assist member businesses in the form of training, capital, marketing, and evaluation of activities. In addition, we provide the needs of members of the agriculture and livestock sector in the form of Saproti (Production Facilities) and provide locally-based training prepared by the Cooperative in the form of tools and practical materials.”*

KSP Management. Kopdit Hiro Heling designed a facilitation and mentoring program for members by setting a mentoring and training schedule in coordination with the management and village government so that this program could be implemented. This is in line with the results of interviews conducted with KSP Management. Kopdit Hiro Heling. The following is an excerpt from the interview:

*“Management designs facilitation and mentoring programs for the surrounding community by making a regular schedule, coordinating with the Management to ensure the implementation of activities, especially with the Education Committee, and cooperating also with the local Village Government and community groups.”*

To ensure that member training and capacity building run effectively, KSP Management. Kopdit Hiro Heling took various strategic steps, namely a personal approach to members, inviting members, communicating with members, and various alternative plans so that the planned training could be carried out properly. This is in line with the results of interviews conducted with KSP Management. Kopdit Hiro Heling. The following is an excerpt from the interview:

*“Management ensures that member training and capacity development run effectively by taking a personal approach to ensure that members are willing to participate in the activity, inviting them in writing after ensuring that the member can attend, if unable to attend, immediately inform at least one day before the activity, reminding members by SMS, telephone and or chat in WA, at the time of implementation if there are members who are suddenly obstructed, then the management replace with other members, and there needs to be data on reserve members of activities to anticipate if there are members who are obstructed.”*

Assistance and training programs provided by KSP. Kopdit Hiro Heling is very helpful for members in increasing the capacity of members' knowledge, especially in utilizing natural resources, and local resources with high selling value. In addition, members also feel that they are not alone in carrying out their business activities. This is in line with the results of interviews conducted with KSP members. Kopdit Hiro Heling. The following is an excerpt from the interview:

*“With various trainings from the cooperative, I gained new knowledge and opened up insights thinking that it turns out that there is a lot of potential for natural resources around us that can be utilized and have economic value, with the monthly*

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*routine assistance we feel that we are not alone but there are still other people who care about us as a family in the cooperative".*

In addition to facilitating and providing training education to members, KSP Management. Kopdit Hiro Heling also supports the development of local products and facilitates the marketing of products produced by members' efforts to maintain the continuity of this MSME development program. This is done by utilizing information technology through Social Media. In addition, KSP. Kopdit Hiro Heling also includes members in every exhibition event at both the district and provincial levels and builds a network of cooperation with third parties. This is in line with the results of interviews conducted with KSP Management and Management. Kopdit Hiro Heling. The following is an excerpt from the interview:

*"Form of support of KSP Kopdit Hiro Heling in marketing member products, namely by including members and/or their products in every exhibition event both at the district and provincial levels, promotion through social media, information through monthly group meetings, utilizing member products in every cooperative activity, and building a cooperation network with third parties".*

However, the facilities provided by KSP. Kopdit Hiro Heling has not sufficiently supported the development of local products for member businesses. This is because not all production facilities are prepared by cooperative institutions. This is in line with the results of interviews conducted with KSP members. Kopdit Hiro Heling. The following is an excerpt from the interview:

*"The facilities provided by the cooperative are not enough to support the development of local products because not all production facilities are prepared by the Cooperative, for example, for businesses in the field of Agriculture in terms of land cultivation, farmers must rent tractors from outside, not tractors belonging to the Cooperative, capital is prepared, but it would be even better if the facilities were also prepared by the Cooperative so that the money revolving only in the Cooperative does not run out".*

## **2) Actively participate in efforts to improve the quality of human life and society.**

KSP. Kopdit Hiro Heling has a strategic position in supporting micro, small, and medium enterprises (MSMEs), especially in the vegetable sector. KSP not only functions as a financial institution but also as a comprehensive empowerment partner for its members in improving the quality of life of its members. Improving the quality of life of these members is carried out through access to business financing, skills training, and community support. This is done by identifying member needs, training and mentoring programs, and periodic evaluations, where this role certainly has a direct impact on members, namely developing members' businesses, increasing their capacity, and maintaining the economic stability of members' families.

Improving the quality of life of members in KSP. Kopdit Hiro Heling is carried out through various programs such as providing access to business financing as business capital, and skills training support. This is in line with the results of interviews conducted with the KSP Management. Kopdit Hiro Heling. The following is an excerpt from the interview:

*"We as cooperative managers have an important role in improving the quality of life of members which is carried out through various activity programs. This activity program includes providing access to business financing, skills training, and working capital support".*

In addition, KSP. Kopdit Hiro Heling also facilitates various empowerments for members by providing entrepreneurship training, forming business groups, and providing various marketing facilities for local products carried out in collaboration with the

government and organizations to create economic opportunities for members. This is in line with the results of interviews conducted with the KSP Management. Kopdit Hiro Heling. The following is an excerpt from the interview:

*“We actively support member capacity-building activities, such as business training, the formation of joint business groups, and the provision of local product marketing facilities. We also support community activities by working with governments and other agencies to create more economic opportunities”.*

This is in line with the results of an interview with the management which stated that to support the member empowerment program to improve the quality of human life and society, KSP management. Kopdit Hiro Heling designs a facilitation and mentoring program for its members. This is done by identifying the needs of members through surveys and discussions. In addition, KSP. Kopdit Hiro Heling guarantees program compliance in a way that involves all. Members are included in the planning process through the members' annual meeting and continue to receive suggestions. In addition, KSP. Kopdit Hiro Heling used measures of success such as increased member income and community satisfaction to evaluate the impact of the program.

Member business development programs carried out by KSP. Kopdit Hiro Heling The benefits are very much felt by the members. With the support of the cooperative, members can develop their businesses and increase family income. In addition, with the training program, members gain new knowledge that is very useful for members' business operations. This is in line with the results of interviews conducted with KSP members. Kopdit Hiro Heling. The following is an excerpt from the interview:

*“My membership in the cooperative has been very beneficial, especially when it comes to getting funding for my small business. With the support of funds from the cooperative, I can develop my business to increase my family's income. In addition, the training provided by the cooperative provides new knowledge that is useful in running a business.”.*

## **b. Discussion**

### **1) The role in the development of economic potential and capabilities is associated with Law Number 25 of 1992 article 4 letter A**

Article 4 of Law Number 25 of 1992 states that cooperatives have the responsibility to develop the ability and economic potential of their members. In practice, KSP Kopdit Hiro Heling provides access to business capital, training, and marketing support.

#### **a) Provision of business capital**

KSP. Kopdit Hiro Heling facilitates loan access for members through a productive loan scheme. This access provides opportunities for members of vegetable entrepreneurs to develop their businesses and increase productivity.

#### **b) Business Assistance**

KSP. Kopdit Hiro Heling implements programs such as training, demonstration plots, and periodic evaluations, and helps members utilize local resources and improve the competitiveness of their products.

#### **c) Product Marketing**

KSP. Kopdit Hiro Heling encourages the sale of local products through cooperation with the government and other institutions, as well as through promotions on social media.

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Through the provision of business capital, support, and marketing, KSP Kopdit Hiro Heling not only assists members in increasing their economic capacity but also creates a sustainable business ecosystem. This role shows the function of cooperatives as strategic partners in strengthening the economy and communities.

The theory of empowerment expressed by Zimmerman (1995) highlights the importance of access to resources, ability development, and active participation of individuals to gain greater control over life. In the context of KSP Kopdit Hiro Heling, this theory shows how cooperatives support the empowerment of their members through skills training programs, capital provision, and business mentoring. In this way, cooperative members can increase their self-confidence, technical ability, and ability to develop members' businesses, ultimately contributing to the economic well-being of the family and society. This empowerment approach not only results in change in individuals but also has a collective impact on the community of cooperative members.

Based on the agency theory (Anthony and Govindarajan, 2010), there is a relationship between KSP Kopdit Hiro Heling as principal and MSME actors, especially in the vegetable sector as an agent, which is a cooperation agreement involving the transfer of power. Cooperatives provide access to financing to MSME actors in the hope that the funds will be used to develop their businesses productively. In this case, the cooperative functions as a capital provider and facilitator, while MSME actors are tasked with managing funds by the agreed goals.

Agency theory explains the vital role of control and incentive mechanisms in the relationship between KSP Kopdit Hiro Heling and MSME actors. By recognizing potential agency issues and implementing appropriate mitigation strategies, cooperatives are able to increase the effectiveness of financing programs, strengthen the performance of MSMEs, and expand the impact of economic empowerment in the community.

KSP Kopdit Hiro Heling plays a role in providing a source of business funds, mentors, and marketing regulators that help develop the economic potential of its members. In this context, this role is in line with research conducted by Moan et al. (2023) which emphasizes the contribution of cooperatives in supporting business capital for MSMEs. In addition, his contribution to assisting businesses is also by the research of Tia et al. (2023) which emphasizes the importance of cooperatives in providing socialization and training.

## **2) Actively participate in efforts to improve the quality of human life and society**

KSP. Kopdit Hiro Heling has an important role in improving the living standards of its members by providing access to resources, supporting social justice, and helping to improve the economy. KSP Kopdit Hiro Heling proves its role in improving the quality of life of members by carrying out skills training, and maintaining the economic stability of members, with the support of the community.

### **a) Skills training**

KSP. Kopdit Hiro Heling organizes training according to the needs of its members, such as processing agricultural products and business management. This program supports members to improve their ability to manage their businesses.

### **b) Family economic stability**

With access to business capital and mentoring, KSP members. Kopdit Hiro Heling can maintain business continuity, increase family income, and reduce dependence on uncertain sources of income.

### **c) Community Support**

KSP. Kopdit Hiro Heling collaborates with various parties. Collaborate with third parties such as government agencies and private companies, KSP. Kopdit Hiro Heling can provide additional facilities for its members, such as production equipment and broader marketing opportunities.

KSP. Kopdit Hiro Heling plays an important role in meeting the basic (economic) needs of its members as well as creating opportunities to meet higher needs, such as personal achievement through business success.

The theory of social capital, introduced by Putnam (1993), explains the importance of social networks, trusts, and shared norms in improving people's welfare. In its implementation, KSP Kopdit Hiro Heling builds social capital by creating a network of trust among cooperative members, as well as outsiders, such as government agencies and private companies. This social capital allows cooperation and solidarity in achieving common goals, such as increasing market access and competitiveness of member products. By prioritizing social capital, KSP Kopdit Hiro Heling has succeeded in creating a more inclusive society and supporting collectivity-based economic development.

Based on the agency theory (Anthony and Govindarajan, 2010), the relationship between KSP Kopdit Hiro Heling as principal and its members as agents can be understood in the context of efforts to improve the quality of life of individuals and communities. In this relationship, cooperatives as the main party provide support in the form of funds, training, and strategic cooperation to help members achieve a common goal, namely improving economic and social welfare.

By using control methods such as training, supervision, and collaboration, agency theory shows how KSP Kopdit Hiro Heling reduces the risk of conflict of interest between the cooperative as a principal and members as an agent. These actions not only help efficient business management but also play a role in improving the quality of life of members as well as society in general.

The role of KSP Kopdit Hiro Heling in improving the lives of members through skills training, family economic stability, and community support is by the research of Poling et al. (2023), namely empowering the community's economy through the provision of business capital and training. This contributes to improving the quality of life of members and the development of MSMEs. KSP Kopdit Hiro Heling has a more holistic approach, not only providing capital but also assisting in marketing and providing collaborative support.

## **5. CONCLUSION**

Based on the description of the activities and the results of the discussion analysis, the conclusion of this report is as follows:

- a. KSP Kopdit Hiro Heling has a strategic position in developing the economic potential of its members through the provision of business capital, training, and marketing support. With a comprehensive strategy, this cooperative helps its members increase productivity, competitiveness, and business sustainability.
- b. KSP Kopdit Hiro Heling has a significant role in improving the quality of life of its members through skills training, family economic stability, and support for collaboration with external parties. These cooperatives not only meet basic economic needs but also help their members achieve personal success and social well-being.

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