



THE ROLE OF GOVERNMENT ASSISTANCE IN ENHANCING MICRO, SMALL, AND MEDIUM ENTERPRISES (MSMES) PRODUCTIVITY

Nia Pramuditya¹, M. Arif Musthofa², Sri Kadarsih, Siti Fatimah³

¹ Institut Islam Al-Mujaddid Sabak Jambi, Indonesia

² Institut Islam Al-Mujaddid Sabak Jambi, Indonesia

³ Institut Islam Al-Mujaddid Sabak Jambi, Indonesia

Email: niapramuditya498@gmail.com

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ABSTRACT

This study investigates the role of MSME assistance provided by the Cooperatives and MSMEs Office in enhancing the productivity of aid recipients in Geragai District, East Tanjung Jabung Regency, Jambi. It focuses on three key aspects: the effectiveness of assistance in improving business performance, the process of aid distribution, and the challenges faced during implementation. Using a qualitative descriptive method, data were collected through observation, interviews, and documentation from 15 MSME actors. Findings reveal that 80% of recipients experienced significant business development, while 20% showed no notable progress. The support helped improve income, product quality, production capacity, and overall business operations. The distribution process adhered to official regulations and involved coordination with local village and district officials. Major challenges included inactive NIK data and difficulties in contacting recipients due to outdated or incorrect contact information. These issues highlight the importance of improving administrative accuracy and enhancing communication and training strategies. Overall, MSME assistance plays a vital role in local economic empowerment, though it requires sustained evaluation and support mechanisms to maximize its impact.

Keywords: MSME assistance, productivity, business development, Geragai District, cooperatives office

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are recognized as one of the most critical sectors in Indonesia's economic landscape. They play a significant role not only in accelerating national economic growth but also in reducing unemployment, alleviating poverty, and promoting



inclusive economic participation at the grassroots level.¹ MSMEs act as economic safety nets, especially during times of crisis, while also serving as a foundation for building a more equitable and people centered economic system.² The strategic positioning of MSMEs within both traditional and modern economic structures has led the government to prioritize their development through various policy interventions.

In Indonesia's development agenda, MSMEs are expected to continue expanding, thereby increasing employment opportunities, generating household income, and supporting sustainable development.³ The broader goal of a people centered economic approach is to strengthen community involvement in development activities, particularly in the economic sector. Such inclusive development ensures that the benefits of progress are distributed evenly across different social strata. This approach also requires a corresponding enhancement in human resource capacity, as communities must be equipped with adequate knowledge and skills to manage resources efficiently, responsibly, and sustainably.

To support the advancement of MSMEs, the Indonesian government has introduced a range of assistance programs. These include direct financial aid, entrepreneurship training, marketing facilitation, digital literacy, and regulatory reforms. Among the most impactful initiatives is the *Bantuan Pelaku Usaha Mikro* (BPUM), or Micro Business Assistance Program, which provides micro-entrepreneurs with unconditional cash transfers aimed at strengthening their business capital and economic resilience. The BPUM program was particularly intensified in response to economic pressures caused by the COVID-19 pandemic, with the dual objectives of stimulating local economies and enabling MSMEs to survive and grow amid financial uncertainty.⁴

However, the effectiveness of such government aid programs has not always met expectations. A significant proportion of recipients have been observed to misuse the funds, allocating them toward consumptive needs rather than business development. This pattern indicates a lack of financial literacy among recipients and points to a weakness in the monitoring and evaluation mechanisms of the program. Instead of contributing to the expansion of business capacity and productivity, the funds are sometimes diverted toward short-term needs, thereby undermining the intended impact of the program.

¹ Agus Fitriadi, Sudarmiatin Sudarmiatin, & Ludi Wishnu Wardana, "Micro, Small, and Medium Enterprises (MSMEs): Catalysts for Inclusive Economic Development in Indonesia," *Nusantara Economics and Entrepreneurships Journal*, 2(3), <https://doi.org/10.59971/necent.v2i3.61>

² World Economic Forum, "How digitalization is transforming Indonesia's MSMEs," (May 2022)

³ Abdul Latif Jameel Poverty Action Lab, "Building pathways to support micro, small, and medium enterprise growth," (Apr 2024)

⁴ Tolala, A. Tandri. *Implementasi Pemberdayaan Usaha Mikro Kecil dan Menengah (UMKM) dalam Program Bantuan Pelaku Usaha Mikro (BPUM) di Dinas Koperasi, UKM, Tenaga Kerja dan Transmigrasi Kabupaten Enrekang* (FISIP Universitas Muhammadiyah Makassar, 2022).

The BPUM initiative, as regulated under Government Regulation No. 17 of 2013 and Law No. 20 of 2008 on MSME empowerment, is designed to facilitate sustainable economic development through productive investment at the micro level.⁵ Article 2 of the regulation stipulates that both central and regional governments are responsible for empowering MSMEs through licensing support, partnership facilitation, business development services, coordination, and evaluation. Therefore, the inability of some beneficiaries to utilize the assistance effectively reflects a gap between policy design and ground-level implementation.

In regions such as Geragai District in East Tanjung Jabung Regency, Jambi Province, MSMEs have shown considerable potential for contributing to local economic development. Various types of businesses have emerged, including traditional food production, processed beverages, crafts, and household industries. These enterprises have not only become primary sources of family income but have also helped reduce poverty and unemployment. Local initiatives such as community markets and night fairs, often supported by subdistrict governments, have provided platforms for MSMEs to promote their products and increase visibility.⁶

Nevertheless, a key challenge remains, most MSME actors in Geragai come from economically and educationally disadvantaged backgrounds. Their limited access to formal training and financial services restricts their ability to scale up operations. Moreover, the lack of structured assistance, mentoring, and post-aid monitoring mechanisms contributes to inefficiencies in how aid is utilized. While some businesses have shown growth following assistance, others remain stagnant or even decline due to mismanagement and a lack of strategic planning.

In light of these conditions, it becomes imperative to evaluate the implementation of MSME assistance programs more critically. Government aid must be accompanied by structured educational interventions and follow-up assessments to ensure that the objectives of economic empowerment are truly achieved. This study aims to analyze the role and effectiveness of MSME assistance provided by the Cooperative Office, particularly in improving the productivity of micro-enterprises in Geragai District. The research also seeks to identify the challenges and barriers faced by aid recipients, with the ultimate goal of providing recommendations for more effective and sustainable MSME empowerment strategies.

⁵ Government Regulation No. 17 of 2013 and Law No. 20 of 2008

⁶ Agus Kurniadi et al., "The Role of MSMEs in Local Economic Improvement and Labor Absorption in Indonesia," *Nusantara Economics and Entrepreneurships Journal*, 2(3), <https://doi.org/10.59971/necent.v2i3.60>

RESEARCH METHODOLOGY

This study employs a qualitative approach, as the data gathered consist primarily of verbal information and descriptive narratives rather than numerical values or statistical indicators. Qualitative research focuses on the collection of descriptive data that reflect the lived experiences, behaviors, perceptions, motivations, and actions of research subjects within their natural context.⁷ This approach allows for a holistic understanding of the studied phenomena and facilitates interpretation grounded in social and cultural realities.

The research design used in this study is descriptive qualitative, which aims to explain and analyze social realities in depth without relying on statistical computation.⁸ The study utilizes both primary and secondary data. Primary data were obtained directly from field observations and interviews with selected participants, while secondary data were sourced from official documents, reports, and other written materials relevant to the research topic.⁹

Participants were selected using purposive sampling, a non-probability sampling technique in which subjects are chosen based on their knowledge, experience, and relevance to the research objectives.¹⁰ In this study, participants include recipients of MSME aid in Geragai District, as well as representatives from the Department of Cooperatives and MSMEs of East Tanjung Jabung Regency. Data were collected using multiple methods, including direct observation, semi-structured interviews, and document analysis to ensure data validity and richness.¹¹

For data analysis, this study refers to the approach outlined by Klaus Krippendorff, who asserts that content analysis must lead to valid and replicable inferences, taking into account the contextual meaning of data.¹² Accordingly, the researcher engaged in deep contextual examination, identifying relationships and logical patterns among different sets of data. Emphasis was placed on interpreting the meaning embedded in participants' expressions, behaviors, and documentary evidence. To ensure the credibility of findings, this study employed triangulation techniques, source triangulation was conducted by cross-verifying information from multiple informants. Methodological triangulation was achieved by employing a combination of data collection methods (interviews, observations, and documentation), while time triangulation involved collecting data at different times to examine the

⁷ Lexy J. Moleong, *Qualitative Research Methodology*, 22nd ed. (Bandung: PT Remaja Rosdakarya, 2007), 9.

⁸ Sugiyono, *Quantitative, Qualitative, and R&D Research Methods* (Bandung: Alfabeta, 2014), 21. Ibid., 233.

⁹ Jalaluddin Rakhmat, *Research Methodology in Communication Studies* (Bandung: Remaja Rosdakarya, 2004), 78.

¹⁰ Moh. Nazir, *Research Methods* (Jakarta: Ghalia Indonesia, 2009), 55

¹¹ Klaus Krippendorff, *Content Analysis: An Introduction to Its Methodology*, 3rd ed. (Los Angeles: Sage Publications, 2013), 24.

¹² Michael Q. Patton, *Qualitative Research and Evaluation Methods*, 3rd ed. (Thousand Oaks: Sage Publications, 2002), 247–249.

consistency of responses. These procedures enhanced the reliability and depth of the study's findings and interpretations.

RESULTS AND DISCUSSION

Geragai District, located in East Tanjung Jabung Regency, derives its name from Geragai Hamlet, one of the settlements in Lagan Ulu Village within the same district. The naming of the district reflects the community's historical and cultural heritage, as the hamlet is believed to represent a legacy passed down from the ancestors who first inhabited the area. Administratively, Geragai was officially established following the enactment of Regional Regulation Number 54 of 1999, which outlined the formation of several new regencies in Jambi Province, including Sarolangun, Tebo, Muaro Jambi, and East Tanjung Jabung. The regulation was implemented in accordance with Law Number 54 of 1999 concerning regional expansion. As a result of this administrative restructuring, the former Mendahara District was subdivided into three new districts, one of which was Geragai.

The Role of MSME Assistance by the Cooperative Office in Enhancing Beneficiary Productivity

Government assistance to Micro, Small, and Medium Enterprises (MSMEs) has become a key component of economic empowerment programs in Indonesia, especially at the regional level. One of the main goals of such support is to improve the productivity and sustainability of micro-entrepreneurs by strengthening their business capital and capacity. In East Tanjung Jabung Regency, the Cooperative and MSME Office has distributed MSME assistance to various actors in Geragai District, with the hope that this support would translate into tangible growth in business output and income.

The assistance provided is primarily financial and is expected to help recipients improve operational efficiency, increase production capacity, enhance product quality, and eventually improve their competitiveness. Ideally, with this support, business owners would be able to expand their market reach and stabilize income streams. However, as revealed in this study, the outcomes are not uniform across recipients.¹³ Field data gathered from 15 MSME beneficiaries in Geragai District show that while approximately 80% experienced notable improvements in their businesses after receiving the aid, the remaining 20% reported no significant changes in productivity or performance. This disparity highlights a gap between policy objectives and implementation outcomes.¹⁴

¹³ Kementerian Koperasi dan UKM Republik Indonesia. *Data Statistik UMKM Nasional Tahun 2021*. Diakses dari <https://kemenkopukm.go.id>.

¹⁴ Badan Pusat Statistik. *UMKM Indonesia 2022: Peran Strategis dalam Pemulihan Ekonomi Nasional*. Jakarta: BPS, 2022.

Several factors contribute to the limited impact of MSME assistance on some recipients. Internally, a lack of financial literacy and business management skills often hinders recipients from using the funds effectively. In many cases, the assistance is diverted toward consumptive rather than productive purposes⁴. Some beneficiaries, due to limited educational backgrounds, are not equipped to distinguish between investment for business growth and expenditure for daily needs. These patterns of fund misallocation significantly reduce the long-term benefits of the program.¹⁵ An example of this issue is reflected in the experience of Mr. Eko Suhadi, a culinary business owner. Although he received MSME support, he stated in an interview that his sales remained low, primarily due to decreased consumer purchasing power in his area—an outcome of falling palm oil and areca nut prices. "*Most of my customers are farmers, and when their income drops, so does my profit,*" he explained.¹⁶

In contrast, several other beneficiaries reported substantial improvements in their businesses. One such case is Mrs. Nyi Ratnasih, an entrepreneur engaged in the photocopy and office supplies sector. She reported a monthly profit of up to IDR 10 million after integrating her business with an e-catalog system, which allows for easy procurement by local government institutions and schools. Her ability to access larger, more stable markets through digital tools reflects how business growth is not only a function of financial capital, but also of adaptability and innovation. Another example is Mrs. Rita Hastarita, who manages a food business and described her revenue as fluctuating but generally stable. She emphasized that she has never experienced a loss, and that periodic drops in income are manageable. Similarly, Mrs. Rina Julianti, who runs a *seblak* (spicy noodle dish) business, reported a positive trajectory in her enterprise despite being relatively new to the market. She credited the aid with enabling her to build a more attractive physical stall, which in turn increased customer interest.¹⁷

An inspiring case of resilience and entrepreneurial creativity was shown by Mr. Sahroni, a mobile corn (jasuke) vendor. When his usual sales location an Islamic junior high school (MTS) saw declining student traffic, he adjusted his route to target areas with higher demand. His willingness to relocate and adapt his strategy demonstrates the importance of flexibility in sustaining micro-enterprises.¹⁸ Despite these positive cases, the study confirms that financial assistance alone is insufficient to guarantee business growth. A significant number of challenges remain, particularly for

¹⁵ Simanjuntak, T. (2021). Efektivitas Bantuan Sosial bagi UMKM: Studi Kasus di Sumatera Selatan. *Jurnal Ekonomi dan Kebijakan Publik*, 12(2), 93–106.

¹⁶ Wawancara dengan Eko Suhadi, pelaku usaha kuliner penerima bantuan UMKM, Geragai, 21 Juli 2024

¹⁷ Wawancara dengan Rita Hastarita dan Rina Julianti, pelaku usaha kuliner dan seblak, penerima bantuan UMKM, Geragai, 20–21 Juli 2024.

¹⁸ Wawancara dengan Sahroni, pelaku usaha makanan ringan (jasuke), penerima bantuan UMKM, Geragai, 20 Juli 2024.

entrepreneurs who lack basic business education or support systems. Market uncertainties, inflation, and limited access to follow-up services such as training and mentoring exacerbate these difficulties.¹⁹

To maximize the impact of MSME assistance, government agencies must design more holistic intervention strategies. These should not only focus on disbursement but also include structured training programs in business management, marketing, and financial planning. Moreover, mentoring schemes involving experienced business coaches could help recipients develop long-term strategies for growth. Regular monitoring and evaluation would ensure that aid is being used as intended and help identify bottlenecks early in the process. Furthermore, beneficiary selection should be more rigorous, ensuring that those who receive assistance are not only eligible but also prepared to implement business improvements. Collaborations between the Cooperative Office, local educational institutions, and banking services could help establish integrated support ecosystems for MSMEs at the grassroots level.²⁰

In conclusion, while MSME assistance from the Cooperative Office has succeeded in boosting productivity for many recipients in Geragai District, its effectiveness is uneven. The success of such programs depends not only on the amount of aid provided, but also on the readiness and capacity of recipients to manage and grow their businesses. Therefore, a shift toward more comprehensive and capacity-building-based approaches is necessary to ensure that MSME empowerment initiatives lead to sustainable and inclusive economic development.

The Distribution Process of MSME Assistance by the Cooperative and MSME Office

The distribution of assistance to micro, small, and medium enterprises (MSMEs) by the Cooperative and MSME Office is carried out through a structured series of stages designed to ensure that the aid reaches the appropriate business actors and is utilized effectively. The process begins with data collection and verification of potential beneficiaries. At this stage, the office conducts a preliminary screening based on several predetermined criteria, including the formal status of the business (micro, small, or medium), the type of business activity, and the alignment of the enterprise with the objectives of the support program.²¹ Once eligible candidates are identified, the next stage involves administrative processing and application. MSME owners who meet the requirements are asked to complete an application form and submit supporting documentation such as business certificates, identification cards, and other relevant records. This procedure ensures the integrity and

¹⁹ Suharto, E. (2019). Strategi Pemberdayaan UMKM di Tengah Ketidakpastian Ekonomi Global. *Jurnal Administrasi Publik*, 15(1), 23–38.

²⁰ Hasan, M. (2023). Sinergi Lintas Sektor dalam Pendampingan UMKM: Pendekatan Kolaboratif Pemerintah Daerah dan Lembaga Pendidikan. *Jurnal Pengembangan Ekonomi Daerah*, 7(2), 101–115.

²¹ Government of Indonesia. (2008). *Law No. 20 of 2008 on Micro, Small, and Medium Enterprises*, Articles 7–8. <https://peraturan.bpk.go.id/Home/Details/38768/uu-no-20-tahun-2008>

precision of the assistance distribution, aiming to reach those who can make productive use of the support.

After documentation has been submitted and verified, the Cooperative and MSME Office conducts further evaluations to determine the feasibility of the business operations. This involves assessing the operational readiness, potential for growth, and existing infrastructure of the applicants. Once deemed eligible, the recipients receive aid in various forms either as direct cash transfers, goods (such as equipment or raw materials), or capacity-building activities such as training or workshops. These resources are intended to enhance productivity, upgrade business facilities, and support entrepreneurial competencies. Despite the structured approach, several challenges frequently arise during the distribution process. These include limited understanding among beneficiaries regarding how to manage the funds effectively, delays caused by administrative bottlenecks, and insufficient coordination between regional offices. Misallocation of funds for non-business-related consumption remains a critical concern that undermines the intended outcomes of the program. Therefore, the Cooperative and MSME Office not only distributes aid but also plays an essential role in providing guidance and supervision to ensure that the assistance leads to measurable improvements in business productivity.²²

To address these challenges, the office conducts periodic monitoring and evaluation. This is done through field visits and direct communication with aid recipients. Such monitoring ensures that assistance is used in accordance with program goals and provides feedback for future improvements. Additionally, transparency and communication are emphasized throughout the process. MSME owners are informed well in advance regarding the schedule and location of aid distribution to prevent miscommunication and ensure that all registered beneficiaries are present at the designated distribution sites. An official from the Cooperative and MSME Office, Mrs. Tenri Sannah, S.Ag, Head of the Micro Business Empowerment Division, elaborated on the process in a personal interview. She explained:

"When we begin the aid distribution process, the Cooperative Office first opens registration for MSME actors who are interested in receiving assistance. This starts with the completion of a form provided by the office. Once the quota is reached, we contact selected business owners and prepare individual proposals for each beneficiary. After validating the data, we forward it to the subdistrict office for verification. Once confirmed, the data is sent back to us, and we coordinate with the subdistrict to determine the distribution schedule and location. The subdistrict office helps us inform the business actors and gather them at the designated venue."

²² Tenri Sannah, S.Ag. (Kabid Pemberdayaan Usaha Mikro, Dinas Koperasi UMKM Kabupaten Tanjung Jabung Timur). Personal interview. July 18, 2024.

*On the appointed day, our team visits the location and distributes the assistance directly to the recipients."*²³

This multistage process—starting from registration to final delivery is intended to minimize errors, ensure transparency, and foster accountability at each level of administration. It also reflects the collaborative efforts between district-level offices and subdistrict governments to maximize the program's efficiency. While the current mechanism provides a solid framework for distributing aid, its success still hinges on recipient awareness, administrative coordination, and consistent oversight. Without these, the risk of mistargeting and ineffective utilization of resources remains. Therefore, future policy recommendations include enhancing digital tracking systems for beneficiary data, providing basic training prior to aid disbursement, and establishing long-term mentoring schemes for micro-entrepreneurs.

In conclusion, the process undertaken by the Cooperative and MSME Office in distributing business aid follows a detailed and purposeful structure, but it requires continuous refinement, especially in monitoring practices and educational support. These improvements are vital for transforming MSME assistance from a short-term relief initiative into a strategic instrument for inclusive and sustainable economic development.

Challenges Faced by the Cooperative Office in Distributing MSME Assistance

Despite the government's efforts to facilitate equitable and impactful distribution of assistance to micro, small, and medium enterprises (MSMEs), the Cooperative Office of East Tanjung Jabung Regency continues to face several operational and administrative challenges. These constraints often hinder the smooth delivery of aid and limit its effectiveness in promoting productivity among beneficiaries. One of the primary challenges identified during the implementation of the assistance program is the inaccuracy of beneficiary data. Mismatches between official records and actual recipients make it difficult for the Cooperative Office to contact intended beneficiaries in a timely manner. For instance, some National Identification Numbers (NIK) are not digitally registered (offline), while others have mobile phone numbers that are inactive or unreachable. This creates logistical complications during the notification and disbursement stages.

According to an interview with Mrs. Tenri Sannah, S.Ag., the Head of the Micro Business Empowerment Division at the Cooperative Office, these issues are relatively frequent and require collaborative efforts to resolve. She noted:

"The most frequent problems in distributing MSME assistance stem from offline NIKs and phone numbers that cannot be contacted. To address this, the Cooperative Office often

²³ Tenri Sannah, S.Ag. (Kabid Pemberdayaan Usaha Mikro, Dinas Koperasi UMKM Kabupaten Tanjung Jabung Timur). Personal interview. July 18, 2024.

collaborates with the Civil Registration Office (Dukcapil) to activate the NIKs. As for unreachable beneficiaries, we compile the data and redistribute it to the respective village authorities. However, in some cases, even the village officers are unfamiliar with their own residents, making follow-up efforts more complex. In the end, we prioritize contacting those whose data is complete and accessible.”²⁴

This statement highlights not only technical and administrative constraints, but also underscores the need for stronger coordination between government institutions and local-level actors to maintain accurate and updated beneficiary databases. In addition to administrative barriers, there are also practical issues experienced by recipients themselves. From field interviews conducted during this study, it was discovered that some MSME actors face difficulties in appropriately utilizing the aid provided. These challenges include a lack of financial management knowledge, failure to monitor profits and losses systematically, and limited understanding of regulatory compliance, such as ensuring the halal certification of products. These gaps prevent business owners from assessing the growth of their enterprises effectively and may lead to stagnation even after receiving assistance.

Furthermore, there are issues related to the accuracy and diligence of local apparatus in submitting beneficiary data. In several instances, it was observed that village-level administrative officers failed to thoroughly verify the identities and eligibility of MSME applicants. As a result, some beneficiaries listed in the database were unreachable, unknown in their communities, or no longer active in business. This leads to inefficiencies in the distribution process and raises questions about the reliability of community-based data collection.

The timeline of aid distribution is also influenced by the administrative workload involved in reconciling and verifying data. This includes back-and-forth communication between the Cooperative Office, village governments, and subdistrict coordinators. While the Cooperative Office has implemented procedures to mitigate these delays, such as preparing recipient proposals and setting distribution schedules in collaboration with subdistricts, the absence of consistent data validation remains a recurring obstacle.

Moreover, from the recipient's perspective, several MSME actors expressed that the process of receiving aid involves multiple steps that are not always clearly communicated, especially to those living in remote or underserved areas. Some reported confusion regarding the documentation requirements or the timeline for aid delivery, resulting in missed opportunities or delayed benefits. To address these issues, this study recommends the integration of a centralized digital registry for MSME actors at the district level. This would allow real-time updates of identity information, business status, and aid reception history. In addition, periodic training sessions for village apparatus

²⁴ Tenri Sannah, S.Ag. (Kabid Pemberdayaan Usaha Mikro, Dinas Koperasi UMKM Kabupaten Tanjung Jabung Timur). Personal interview. July 18, 2024.

and Cooperative Office staff on data accuracy and beneficiary validation should be implemented to minimize misidentification and exclusion errors.

In conclusion, while the Cooperative Office of East Tanjung Jabung Regency has made commendable efforts in administering MSME assistance, persistent challenges related to data accuracy, communication infrastructure, and local capacity continue to undermine the effectiveness of these initiatives. A more robust and collaborative approach is essential one that combines technological innovation, inter-agency cooperation, and community engagement to ensure that MSME assistance reaches its intended recipients and yields sustainable outcomes.

From a theoretical standpoint, the challenges identified in the distribution of MSME assistance align closely with the framework of public service delivery theory, which emphasizes responsiveness, transparency, and citizen-centered governance. According to Denhardt & Denhardt, effective public administration should not only focus on efficiency but also prioritize building relationships with the community, listening to their needs, and ensuring that services reach the intended recipients equitably.²⁵ The observed obstacles, such as inaccurate beneficiary data and difficulties in communication with aid recipients, reflect a gap in institutional responsiveness and accountability. This shortcoming reduces the reliability of government programs and limits the empowerment potential of MSME aid.

In addition, these challenges are consistent with the insights of institutional development theory, as articulated by Douglass C. North, who argued that development outcomes are strongly shaped by institutional structures and the quality of governance.²⁶ Weak coordination between local governments and national agencies, as well as a lack of routine data synchronization across administrative levels, exemplify institutional fragmentation. Without effective mechanisms for inter-agency cooperation, consistent verification procedures, and digital integration, well-intentioned programs like MSME assistance risk becoming inefficient or misdirected. Therefore, reinforcing institutional capacity through training, digital record systems, and real-time beneficiary tracking is essential to ensure that aid distribution supports broader objectives of sustainable economic growth and local resilience.

²⁵ Denhardt, J. V., & Denhardt, R. B. (2003). *The New Public Service: Serving, Not Steering*. Armonk, NY: M.E. Sharpe

²⁶ North, D. C. (1990). *Institutions, Institutional Change and Economic Performance*. Cambridge: Cambridge University Press.

CONCLUSION

The findings of this study indicate that government assistance to micro, small, and medium enterprises (MSMEs) plays a crucial role in enhancing the productivity and sustainability of business actors at the local level. The support provided by the Cooperative Office has contributed significantly to improvements in several aspects of business operations, including increases in income, production volume, product quality, and overall managerial performance. These results highlight the strategic importance of MSME empowerment initiatives as a driver of inclusive economic growth and community-based development. Nevertheless, the implementation process is not without challenges. One of the primary obstacles identified is the inconsistency between official beneficiary data and civil registration records, such as mismatched or non-active national identity numbers and incomplete contact information. These discrepancies often complicate the communication and verification processes, resulting in inefficiencies in aid distribution. To improve the accuracy and effectiveness of future programs, it is recommended that beneficiary identification be based on verified social welfare databases, such as the Data Terpadu Kesejahteraan Sosial (DTKS), while involving local neighborhood-level governance (RT/RW) in data verification. Cross-referencing with the Civil Registration Office is also essential to ensure data integrity. Strengthening these administrative foundations is key to achieving transparency, targeting accuracy, and optimizing the long-term impact of government assistance on MSME productivity and local economic resilience.

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