Collaborative Governance Process in MSMEs Empowerment through Desa-Preneur Program in Sidoarum Village, Yogyakarta

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Abstract

Rural MSMEs have a small business scale in terms of capital, labor, market orientation, and limited technology adoption so Dinas Koperasi and UKM DIY (Department of Cooperatives and SMEs of the Special Region of Yogyakarta) implement MSMEs empowerment policy through the Desa-Preneur Program. The involvement of various stakeholders has been attempted, but this program has not fully targeted all Sidoarum MSME actors. This study discusses the process of collaborative governance in the implementation of the Desa-Preneur Program in Sidoarum Village, Yogyakarta. The research uses a qualitative descriptive method with primary data obtained from interviews, and secondary data collected through documentation and literature. The result showed that collaborative governance indicators have not been fully implemented. The role of lurah as program leader has not been maximized in carrying out the role as a program leader. Not all MSMEs actors participate in mentoring routinely and village economic institutions have not been formed. Several program achievements have been fulfilled, but still require consistent implementation of learning outcomes. The researchers suggest that village government to have more concern bridging out the provincial government and community in term of Desa-Preneur Program implementation. Institutional strengthening of BUMDes and cooperatives is important as a place of collaboration between stakeholders. Desa-Preneur Program in Sidoarum Village must be synergized with other programs and needs to involve other government institutions that support local MSMEs empowerment.

Keywords: collaborative governance; MSMEs empowerment; Desa-Preneur Program

Introduction

Micro, Small, and Medium Enterprises (MSMEs) have an important role in the economic development of a country. Not only in developing countries, but in developed countries, such as countries in Europe, the United States, and Japan, MSMEs also have an important role, especially as a driving force for economic growth, exports and as a source of innovation. In developing countries, discussions about small businesses are often associated with government efforts to overcome various economic problems by reducing unemployment, fighting poverty, and equalizing income (Tambunan, 2012).

The number of MSMEs in Indonesia still dominates. In 2020 the number of MSMEs
reach 64.19 million, contributes 67.97% of GDP or IDR 8,573.89 trillion and absorb 97% of the total workforce, and collect up to 60.4% of the total investment (Kementerian Investasi/BKPM, 2020). However, the export capability of Indonesian MSMEs is still limited, around 14.37% of total exports, and the use of e-commerce is still around 21% (detik.com, 2021).

Special Region of Yogyakarta (DIY) is a province with an economic character dominated by 98.4% MSMEs. It is difficult to be matched by other regions in terms of employment number of MSMEs which reaches 79%. However, the large amount of vocational and cultural education causes MSMEs in the Special Region of Yogyakarta (DIY) have superior potential in terms of creativity. Not only the human resource factor, DIY is an area which has the availability of low prices raw materials (krjogja.com, 2017).

DIY Province is known as one of the tourist destinations in Indonesia so that DIY’s tourism sector has an important role in the existence of MSMEs. This is influenced by the large number of tourist visits to DIY, also DIY known as the center of education has a magnet which attracts students and immigrants from all over the region. MSMEs products in DIY absorbed by tourists and newcomers (Oelistina, 2021). This is a driving factor for the rapid growth of MSMEs in DIY so that based on data from the official DIY regional planning agency (Bappeda DIY), the number of DIY’s MSMEs is increasing from year to year.

### Table 1. The Number of DIY’s MSMEs Based on Business Scale

<table>
<thead>
<tr>
<th>No.</th>
<th>Enterprises Scale</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Micro business</td>
<td>141,991</td>
<td>143,385</td>
<td>188,033</td>
<td>311,540</td>
</tr>
<tr>
<td>2</td>
<td>Small business</td>
<td>64,896</td>
<td>65,533</td>
<td>58,980</td>
<td>16,069</td>
</tr>
<tr>
<td>3</td>
<td>Medium business</td>
<td>39,196</td>
<td>39,581</td>
<td>30,664</td>
<td>2,110</td>
</tr>
<tr>
<td></td>
<td>Amount</td>
<td>246,083</td>
<td>248,499</td>
<td>277,677</td>
<td>329,719</td>
</tr>
</tbody>
</table>

Source: Bappeda Provinsi DIY, 2021b

The challenges and problems faced by Indonesia show that the implementation of MSMEs development policies which have been carried out so far have not been effective enough to the target. In the last 10 years there has been no increase in the business scale of MSMEs from micro to small, small to medium and medium to large. This causes the number of MSMEs in Indonesia dominated around 99.99% and large-scale businesses only 0.01% (Wibowo, 2022).

The presence of Government policies contained in Government Regulation Number 7 of 2021 concerning the Ease, Protection and Empowerment of Cooperatives and MSMEs provides three facilities for the growth of MSMEs, specifically the flexibility of limited company establishment for small medium enterprises, ease of production and financing and ease of marketing and post-production.

This regulation makes the scope of micro scale business wider than the scope stated in previous regulation. Currently, micro scale businesses have a maximum wealth of 1 billion rupiah excluding land and buildings for business premises.
According to Liedholm and Mead (1988), the characteristics of a lot of micro and small enterprises (MSEs) in Indonesia are located in rural areas, small towns, or large sub-urban areas. Based on that statement, the village is the lowest level of government area, but has great potential to country’s economy. The problems experienced by rural MSMEs are that they have a small business scale, in term of capital, use of labor, market orientation, and have limited ability to adopt technology (TNP2K, 2021). In DIY, the development of the rural economy is still considered slow compared to economic development in urban areas. This is due to the fact that the potential of village resources has not been utilized optimally.

Based on these problems, it is necessary to organize the rural economy by utilizing village resources in accordance with the conditions and needs of the village community. Empowering regional-based MSMEs is one of the important solutions to drive the village economy. Dinas Koperasi dan UKM DIY (Department of Cooperatives and SMEs of the Special Region of Yogyakarta) made a breakthrough policy on empowering MSMEs, to be specific Desa-Preneur Program. This program implemented in the village as a form of response to the issue of welfare of rural communities through developing business potency, increasing entrepreneurial spirit and human resources quality for MSMEs in DIY. Based on this, Desa-Preneur Program is carried out in the form of training and mentoring for MSMEs actors.

According to the Regulation of Governor of Special Region of Yogyakarta Number 93 of 2020 concerning Desa/Kelurahan Mandiri Budaya, that Desa-Preneur is a village which has the ability to grow village-scale business units and are cultivated by the community through strengthening entrepreneurial knowledge and skills, improving the quality of products/services, added value, and competitiveness with the aim of improving the village economy and achieving the welfare of the residents. Desa-Preneur is present as one of the supporting programs for the realization of a Desa/Kalurahan Mandiri Budaya which is a knowledgeable, sovereign, integrity and innovative village to support and actualizing special values through the utilization of all resources and culture by involving the active participation of citizens in the implementation of development and community empowerment to realize the preservation of the universe of creation, prosperity and peace citizens in Bhinneka Tunggal Ika.

Sleman Regency has the largest number of MSMEs in DIY. In 2021, MSMEs in Sleman Regency which are spread across 17 sub-district areas reaches 113,299 business units or around 35% of the total number of MSMEs in DIY.
However, Sleman Regency has a poverty problem which reach 108,930 people in 2021 (Bappeda Provinsi DIY, 2021a). In 2022, the percentage of poor people in Sleman Regency is 7.74%, the second lowest after Yogyakarta City which is 6.62%.

Table 2. Poverty Line, The Number of Poor People by Region in DIY 2022

<table>
<thead>
<tr>
<th>Regency/ City</th>
<th>Poverty Line (Rp/Capita/Month)</th>
<th>Poor People</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Amount (thousand)</td>
</tr>
<tr>
<td>Kulonprogo</td>
<td>381,666</td>
<td>73.21</td>
</tr>
<tr>
<td>Bantul</td>
<td>445,511</td>
<td>130.13</td>
</tr>
<tr>
<td>Gunung Kidul</td>
<td>350,739</td>
<td>122.82</td>
</tr>
<tr>
<td>Sleman</td>
<td>450,763</td>
<td>98.92</td>
</tr>
<tr>
<td>Yogyakarta</td>
<td>601,905</td>
<td>29.68</td>
</tr>
<tr>
<td>D.I.Y</td>
<td>521,673</td>
<td>454.476</td>
</tr>
</tbody>
</table>

Source: BPS Kabupaten Sleman, 2022

Sidoarum is one of the villages targeted by the Desa-Preneur Program. Sidoarum Village is part of the Godean Sub-District, Sleman Regency, which is a buffer area for the City of Yogyakarta, so it grows as a residential area and experiences rapid economic development. Sidoarum located in a sub-urban area and developed into a destination for community activities. Sidoarum has the largest number of MSMEs in Godean Sub-District, it reaches 1,382 MSMEs.
The involvement of various stakeholders to collaborate in the Desa-Preneur Program has been attempted to realize the development of MSMEs in the Sidoarum Village. However, the program which has entered its second year has not fully targeted the Sidoarum MSMEs actors. In accordance with the Decree of the Head of the Department of Cooperative and SMEs of Special Region of Yogyakarta Number 001.B/KEP/BID-IV/I/2020 concerning Guidelines for Implementing Desa-Preneur, effective marketing management and business strategy are the target of the second year of program. Based on this target, MSMEs in Sidoarum Village, which is dominated by the culinary sector, has yet to maximize digital platforms for business development.

The implementation of the Desa-Preneur Program cannot be carried out only by the government, but requires the active participation of non-governmental actors, such as MSMEs assistant facilitators and village economic institutions such as cooperatives and village owned enterprises (BUMDes) so that a consortium can be formed for joint marketing of MSME products for the local community. Based on this, the study of collaboration in government programs is important so that this research has a focus on the process of collaborative governance in the implementation of the Desa-Preneur Program.

**Literature Review**

**Collaborative Governance**

The development of the governance concept into collaborative governance is based on the desire to overcome government failures in implementing policies due to limited resources, politicization of budgets and regulations (Ansell & Gash, 2007). Kim (2010) underlined that government and/or market failures are the leading causes of collaboration between the government and civil society. Based on these failures, collaborative governance seeks to create, interpret, and implement policies through the participation of various stakeholders (Fitriani, 2017). According to Ansell and Gash (2007: 544), collaborative governance is “A governing arrangement where one or more public agencies directly engage non-state stakeholders in a collective decision-making process that is formal, consensus-oriented, and deliberative and that aims to make or implement public policy or manage public programs or assets”.

The concept of collaboration put forward by Ansell and Gash (2007) explains that the state has a major role in the collaboration which exists between the actors involved. Emerson, et.al. (2011) provided the view that collaboration does not have to be initiated by the government, but also initiated by non-government actors. The collaboration
model used in this research is collaborative governance according to Ansell and Gash (2007) through four main indicators, as listed below.

1. Starting Conditions
   The initial conditions in the form of trust, conflict and social capital, become a resource in collaboration. This is a condition which can facilitate or hinder collaboration between stakeholders. This happens because each stakeholder has different conditions, such as 1) Power-Resource-Knowledge Asymmetries which there is an imbalance of power, resources and knowledge, it will be difficult for these stakeholders to collaborate effectively. Power on stakeholders can be interpreted as ownership of organizational infrastructure that can support collaborative governance processes, 2) Incentives for and Constraints on Participation, discussing the forms of encouragement and constraints in collaboration. Gunton and Day (2003); Imperial (2005) states that the imbalance of resources has an influence on stakeholder motivation in collaborating. Meanwhile, Gray (1989) explained that differences in power between stakeholders affect their willingness to collaborate, and 3) Prehistory of Cooperation or Conflict (Initial Trust Level), that if there was conflict between stakeholders, so collaboration will not succeed unless there is a high sense of interdependence among stakeholders and positive steps are taken to restore low levels of trust and social capital among stakeholders.

2. Institutional Design
   It refers to ground rules/operational standards which are important for the legitimacy of the collaborative process. Thing to emphasize in institutional design is about how the rules of the participation, how collaborative forums are formed and how transparency in the process of implementing collaboration (Astuti, et.al., 2020).

3. Facilitative Leadership
   Facilitative leadership is leadership which has an important role in maintaining clear ground rules, building trust, facilitating dialogue, and exploring common goals. Vangen and Huxham (2003) explain that facilitative leadership has an important role in empowering, and making all stakeholders collaborate.

4. Collaborative Process
   The collaboration process is a cyclical form of the process of forming consensus which consists of:

   a. Face to Face Dialogues
      This dialogue is a process oriented towards the formation of a consensus/agreement. In the dialogue, it is explained that there is a condition of “mutual benefit” between stakeholders (Astuti, et.al., 2020). Bentrup (2001) explains that face to face dialogue can eliminate stereotyping and boundaries between stakeholders.

   b. Trust Building
      Trust building is closely related to the process of dialogue between stakeholders. The loss of boundaries and stereotyping between stakeholders triggering the building of mutual trust between stakeholders. Mutual trust between stakeholders can lead to commitment to the collaborative process.

   c. Commitment to the Process
      Commitment relates to mutual awareness of mutual need/dependence on each other, there is a feeling of mutual ownership of goals and openness in achieving common goals. The feeling of mutual need encourages a shared understanding of the collaboration.
d. Shared Understanding
Mutual understanding between stakeholders will be formed through clarity of vision, mission, values, goals, direction and collaboration strategy. A shared understanding of the collaborative process makes the formulation of the target easier to be achieved.

e. Intermediate Outcomes
This is an interim result which represents the real output of the collaboration process. The results of the collaboration are in the form of simple targets, strategic plans and joint fact-finding results including problems, opportunities and solutions. Interim results become feedback on the collaboration process. This result can be a driving force in building trust and commitment with the stakeholders.

The role of MSMEs in alleviating poverty and unemployment is related to a number of main characteristics of micro and small enterprises (MSEs), specifically as listed in the following. 1) The large number of MSEs spread all over rural areas including isolated areas. 2) MSEs are labor intensive, so that it can accommodate low-educated and female work force groups. 3) Many MSEs activities are based on agriculture, such as home industries including food and beverages, furniture and various kinds of handicraft products based on bamboo, wood and rattan raw materials, and in Indonesia. the majority of the poor live in rural areas and derive their income from the agricultural sector. 4) MSEs generally produce consumer goods including food and beverages, apparel, footwear, and household furniture at low prices for low-income groups, so that their existence is very useful for poor households (Tambunan, 2012).

The Statistics Indonesia (BPS) defines an economic activity which carries out activities to change a basic item mechanically, chemically, or by hand so that it becomes

Source: Ansell & Gash, 2007

Picture 3. A Model of Collaborative Governance
processed processing industry is classified into four based on the number of workers without regard to the use of machines and the amount of capital owned (BPS, 2022).

Table 3. Industry Classification According to BPS (2022)

<table>
<thead>
<tr>
<th>Classification</th>
<th>Amount of manpower</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic industry</td>
<td>1-4 people</td>
</tr>
<tr>
<td>Small industry</td>
<td>5-19 people</td>
</tr>
<tr>
<td>Medium Industry</td>
<td>20-99 people</td>
</tr>
<tr>
<td>Big Industry</td>
<td>more than 100 people</td>
</tr>
</tbody>
</table>

Source: BPS, 2022

Table 4. MSMEs Criteria Based on Government Regulation Number 7 of 2021

<table>
<thead>
<tr>
<th>Business Size</th>
<th>Capital (excluding land and buildings)</th>
<th>Sales Results per year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro business</td>
<td>Maximum Rp. 1,000,000,000</td>
<td>Maximum Rp. 2,000,000,000</td>
</tr>
<tr>
<td>Small business</td>
<td>Rp. 1,000,000,000 up to Rp. 5,000,000,000</td>
<td>Rp. 2,000,000,000 up to Rp. 15,000,000,000</td>
</tr>
<tr>
<td>Medium Business</td>
<td>Rp. 5,000,000,000 up to Rp. 10,000,000,000</td>
<td>Rp. 15,000,000,000 up to Rp. 50,000,000,000</td>
</tr>
</tbody>
</table>

**MSMEs Empowerment**

Empowerment is a word which comes from “power” (Suharto, 2005). The community empowerment strategy is interpreted as a community-centered development model which places greater emphasis on empowerment, by viewing community initiatives as the main development resource and viewing the material and spiritual welfare of the community as the goal to be achieved (Hikmat, 2006). Empowerment is a concept which departs from emancipation and liberalization as well as structuring all power and control. Government policy of MSMEs empowerment is one of the efforts to create a conducive business climate. Several studies state that economic empowerment has two dimensions: an objective dimension related to income and productivity, and a subjective dimension by assessing differences in perceptions of things experienced by
individuals (Jitu, 2019). Thus, the main approach in the concept of empowerment is that the community is the subject of various development programs which can participate in determining the direction of policy goals (Farida, 2011).

The success of empowerment is influenced by the participation of MSMEs actors and other stakeholders who play a role in the development of MSMEs (Karsidi, 2005). Based on this, community empowerment has the principle which it is necessary to involve various existing and related actors in society, such as government, leaders, teachers, cadres, scholars, entrepreneurs, non-governmental organizations (NGOs), volunteers and other community members (Anwas, 2019). All actors are involved according to their respective roles, potentials and abilities. Schumpeter (1993) states that the realization of prosperity and economic resilience in a national or regional area is not only determined by the economic development strategy adopted and implemented by the government, but also determined by the role of strong, resilient, creative and dynamic entrepreneurs (Farida, 2011). Based on this statement, the concept of MSMEs empowerment is an important thing which must be done in improving the welfare and economy of the people in a region. Empowerment often equated with gaining power and access to resources to make a living (Pranaka & Moeljarto, 1996).

Methods

This study uses a qualitative descriptive method to understand a phenomenon which has been raised and studied in depth. This qualitative research process involves important efforts, such as asking questions and procedures, collecting specific data from informants, analyzing data inductively from specific to general themes, and interpreting the meaning of the data (Creswell, 2010). The selection of research locations, analysis units and informants were carried out purposively with consideration of the suitability of the criteria for Desa-Preneur team with the criteria of collaborative governance which can be explained in the following table.
Table 5. Criteria Suitability of Collaborative Governance in Desa-Preneur Program Participant in Sidoarum Village, Yogyakarta

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Collaboration forums are initiated by public institutions/agencies</td>
<td>Desa-Preneur Program is mandated by the Regulation of Governor of Special Region of Yogyakarta Number 93 of 2020 concerning Desa/Kalurahan Mandiri Budaya on the point C paragraph (3) chapter 6. It is stated that Desa-Preneur administrators are Regional Government of Special Region of Yogyakarta in charge of the affairs in the field of cooperatives and SMEs. Meanwhile, based on the Decree of the Head of Special Region of Yogyakarta Cooperative and UKM Office Number: 001.B/KEP/BID-IV/I/2020 concerning Guidelines for Implementing Desa-Preneur it is stated that the implementation of Desa-Preneur development is under the authority of Department Cooperative and SMEs of Special Region of Yogyakarta can be consolidated with other actors.</td>
</tr>
<tr>
<td>2</td>
<td>There is the participation of non-government actors in collaborative forums</td>
<td>The actors involved in Desa-Preneur Program in Sidoarum Village consist of the local government, village government, business actors and the village community as MSME actors</td>
</tr>
<tr>
<td>3</td>
<td>Actors are directly involved in decision-making, not just being consulted by public institutions</td>
<td>All actors of the Desa-Preneur Program in Sidoarum Village are directly involved in a consensus-oriented process of decision making.</td>
</tr>
<tr>
<td>4</td>
<td>Collaboration forums are formally organized and meet collectively</td>
<td>The collaboration forum of the Desa-Preneur Program is officially organized based on Regulation of Governor of Special Region of Yogyakarta Number 93 of 2020 concerning Desa/Kalurahan Mandiri Budaya, and Regulation of Governor of Special Region of Yogyakarta Number 20 of 2022 concerning Technical Guidelines for Desa-Preneur Development and Decree of the Head of Special Region of Yogyakarta Cooperative and UKM Office Number 001.B/KEP/BID-IV/I/2020 concerning Guidelines for Implementing Desa-Preneur. Stakeholders’ meetings held regularly through SiBakul workshops: “Empowerment of MSMEs through Village Entrepreneurship” as a regular FGDs.</td>
</tr>
<tr>
<td>5</td>
<td>Collaboration forums aim to create a consensus</td>
<td>In the decision-making process, all stakeholders of Desa-Preneur utilize the forum to create consensus.</td>
</tr>
<tr>
<td>6</td>
<td>The main focus of the collaboration is on the implementation of public policy/public management</td>
<td>The focus of collaboration of the Desa-Preneur Program lies in efforts to improve the economy of rural communities through rural MSMEs empowerment.</td>
</tr>
</tbody>
</table>
Based on the Decree of the Head of Special Region of Yogyakarta Cooperative and UKM Office Number 001.B/ KEP/BID-IV/I/2020 concerning Guidelines for Implementation of Desa-Preneur, the informants in this study as as listed in the table below.

**Table 6. List of Informants**

<table>
<thead>
<tr>
<th>No.</th>
<th>Stakeholder Involvement</th>
<th>Stakeholder Element</th>
<th>Informant Selection Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Indirect Engagement</td>
<td>Paniradya Kaistimewan</td>
<td>Paniradya Kaistimewan acts as observer, discussant and coordinator of alignment of activities on village empowerment and development through Desa-Preneur Program concerning implementation of Special Grant (Dana Keistimewaan DIY). Department of Cooperatives and SMEs of the Special Region of Yogyakarta (Diskop UKM DIY)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Bidang Layanan Kewirausahaan KUMKM through Seksi Kewirausahaan Baru KUMKM acts as initiator and supervisor of the activity on Desa-Preneur Program.</td>
</tr>
<tr>
<td>2</td>
<td>Direct Engagement</td>
<td>Sidoarum Village Government</td>
<td>The Ulu-Ulu (Head of the section in charge of Welfare) and Kamituwa (Head of the Service Section) act as supervisors whose job is to coordinate and initiate the implementation of the Desa-Preneur Program in the village between community and Sidoarum Village Government. The Lurah (village chief) has the role of protecting the Desa-Preneur in carrying out activities and in the interaction of the Desa-Preneur with external village actors.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Sidoarum MSMEs Facilitator CV Satoeasa Untuk Indonesia acts as a partner to manage the Desa-Preneur Program in Sidoarum Village and to provide and deliver material about SME’s empowerment.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Desa-Preneur Sidoarum Management Desa-Preneur management institution which is approved by the Village Government and acts as an administrator and a liaison between community, MSMEs Facilitator and Sidoarum Village Government.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Sidoarum MSMEs MSMEs actors which have successfully developed their business by utilizing digital platforms for their marketing. Participants in Desa-Preneur Program in Sidoarum Village are dominated by culinary sector. The selected informants are active participants in the training and mentoring activities.</td>
</tr>
</tbody>
</table>

Sources of data used primary data obtained from in-depth interviews and direct observation, and secondary data collected through documentation and literature. The next procedure is to collect data, analyze and interpret data, and present the results of the research. Data analysis was carried out inductively and bottom-up where the specific data has been identified into a general theme so that it is meaningful and easy to understand. Creswell (2010) stated that data analysis in this study was carried
out through processing and preparing data for analysis, reading the entire data, detail analyzing by coding the data, representing data descriptions into narrative qualitative reports, and interpret the data by taking the lesson learned from the research results.

Testing the validity of the data was carried out by triangulation of data collection methods including in-depth interviews combined with the results of direct observations and documentation study. Triangulation of data sources was also carried out by gathering information from several informants with the aim of cross-checking the same data for each actor.

Results and Discussion

Desa-Preneur Program Implementation

The Desa-Preneur Program exists as a response to economic development which is mostly concentrated in urban areas. Hundreds of villages in remote areas of DIY considered to have the potential to develop, but this potency has not been utilized optimally. Until 2022, Diskop UKM DIY has supported 51 Desa Preneur so it requires cooperation with other actors to do the program.

Based on the results, Desa-Preneur Program in Sidoarum Village was implemented since September 17, 2021. Starting from the existence of Kopi Kethip located in Padukuhan Sebaran which is managed by the community become a great potential for Sidoarum Village development. The Angkringan Kopi Kethip inspired Sidoarum people to have their own businesses. Due to the development in the number of MSMEs in this area, Sidoarum Village was chosen as Desa-Preneur.

Based on technical Guidelines for Desa-Preneur Development, there are five stages which can be explained as follows.

1. The Embryo/Growth Stage (0/1st year) is the stage of introduction and deepening of village potency by carried out through identification and mapping of regional potency. This stage can be carried out by regional government in the field of MSMEs empowerment at the district/city/provincial level. At this stage, the dynamics of entrepreneurial governance socialization is carried out. In the early year of implementation, it is expected that business potency and management has been identified.

2. Development Stage (2nd year) is the stage of business development through effective marketing management and business strategy.

3. Advanced Stage (3rd year) is oriented towards business promotion and network/partnership expansion.

4. The Release Stage (4th and 5th year) is the stage with no intervention at all.

5. The Evaluation/Coaching Stage (5th/6th year) is an evaluation stage of the implementation after receiving the advanced title, taking into account whether the status of the stages is stable in the forward direction or vice versa.

During the research, Desa-Preneur Program in Kalurahan Sidoarum has entered its second year, that is at the development stage. Desa-Preneur Sidoarum uses BLANGKON approach developed by Satoeasa. The approach was chosen because the concept is easy to apply. It starts with a concept and then lowered it into indicators which will be achieved at each stage.
Communal MSMEs empowerment is important to do as one of the aspects of the BLANGKON approach. The implementation of the Desa-Preneur Program requires strong collaboration with the Sidoarum Village Government as a program leader close to MSMEs actors as the target of this program. This collaboration is realized through a coordination mechanism on every activity.

The implementation of the Desa-Preneur Sidoarum is carried out through two financing schemes as follows. The first one is the Regional Revenues and Expenditures Budget through Diskop UKM DIY in the form of mentoring operational funds. The second one is and Dana Keistimewaan (Special Grant) in the form of Bantuan Keuangan Khusus Rintisan-Preneur (BKK Rintisan Preneur) (Special Financial Assistance for-Preneur Initiations).

Desa-Preneur Sidoarum chosen as the recipient of BKK Rintisan -Preneur because the increase of MSMEs number shows that there is already an idea to be independent in improving community welfare. BKK Rintisan Preneur is a supporting fund to strengthen the Desa-Preneur Program. BKK Rintisan Preneur handed by Paniradya Kaistimewan to the beneficiary village.

This fund is used to assist facilities in order to improve the development of MSMEs in accordance with the needs and potential of the villages. Village government submit a fund proposal to Diskop UKM DIY as a program agency of Desa-Preneur and Paniradya Kaistimewan as funds organizer. Desa-Preneur Sidoarum has utilized BKK Rintisan Preneur funds to provide a product photo studio and create a village website as a promotional tool for MSMEs.

Collaboration Process

In the term of collaborative governance process, at the beginning of the program, there was still an assumption that the village government was an independent institution with full authority to run the program. In fact, the implementation of the Desa-Preneur Program requires the role of other stakeholders, such as MSMEs facilitators and Desa-Preneur Sidoarum Management. Face-to-face dialogue which has been carried out by stakeholders can fade stereotypes.
Based on the interview results, stereotyping between the Sidoarum Village Government and Desa-Preneur Sidoarum Management formed at the beginning because at the first they did not know each other. The use of the Whatsapp group is seen as a fairly effective communication medium because messages are sent faster to many stakeholders. The fast of mentoring implementation which held once a week requires Satoeasa and the Desa-Preneur Management to report the results quickly to the Sidoarum Village Government.

Based on the research, dialogue has been carried out from program socialization, implementation to evaluation. Communication between MSMEs facilitators, Desa-Preneur Sidoarum Management and Sidoarum MSMEs actors has been carried out both offline and online.

The implementation of the Desa-Preneur Program in the Sidoarum Village began with trust from the Diskop UKM DIY by appointing Satoeasa as an MSMEs facilitator. Diskop UKM DIY fully trusts the MSMEs facilitators in determining the mentoring materials to be delivered during the program implementation. This trust arises as a result of the interactions which have been carried out when determining the BLANGKON as an approach. Diskop UKM DIY has a good commitment to implementing the Desa-Preneur Program in Sidoarum by quick respond in coordinating planning activity and the use of funds.

Achievements of the Program

The main objectives to be achieved through the Desa-Preneur Program in Sidoarum are to improve the welfare of the village community through developing economic business potency, increasing the entrepreneurial spirit and quality of human resources for MSMEs actors, reducing poverty and reducing unemployment through sustainable productive economic empowerment.

Commitment to the collaboration process can be interpreted as a form of agreement between stakeholders in achieving the targets of the Desa-Preneur Program. The program implemented in the Sidoarum Village is a form of Diskop UKM DIY’s commitment to its duties and functions to realize an innovative village through the utilization of all the resources by involving the active participation of the residents in the implementation of community empowerment. Diskop UKM DIY has a good commitment to implementing the Desa-Preneur Program in Sidoarum by quick respond in coordinating planning activity and the use of funds.

At the beginning, the Sidoarum Village Government did not have trust in the elected chairman and secretary of the Desa-Preneur Sidoarum Management because of the intensive communication, trust began to build. Intense face-to-face dialogue results in identification of shared needs. Based on the results, it can be concluded that stakeholders must show good performance according to their role to encourage mutual trust and belief that all stakeholders have the appropriate capacity in carrying out their duties to implement the program. The MSMEs facilitators, the chairman and secretary of the Desa-Preneur Sidoarum Management, have carried out this program according to their portions. Based on these, they gain the trust of the Sidoarum Village Government and Diskop UKM DIY as executors of the program.
and realizing a product prototype into a local supply chain-oriented product. Based on the BLANGKON approach roadmap, the interim results obtained from the collaboration in this program include the following.

a. Desa-Preneur Potency Development Study
This is an initial stage carried out by the Diskop UKM DIY before determine the Desa-Preneur candidate by identifying the local potency of the village which could be developed and the utilization of the potential which was still being used in a small scope (hamlet/village). Based on this local potency, it is necessary to carry out further studies in order to develop a development plan for the Desa-Preneur stages.

Geographically, the Sidoarum Village area is a part of the Kontheng and Bedog River Watersheds, which originate on the slopes of Mount Merapi into the Progo River. However, the potency of this watershed has not been used optimally by the people of Sidoarum. They found difficulties in finding a tilapia as raw material.

Identification of local potency in the Sidoarum Village which can be developed as a superior MSMEs product is still facing the problems. Based on the observations, the Sidoarum Village area is on the border between the village and the city, so it has the character of a community with a sub-urban lifestyle. Sub-urban communities are people who live in sub-urban areas. Sub-urban areas are defined as transitional areas between rural and urban communities (Hidayah, 2021).

The pop culture carried out by the Sidoarum Village as a superior potency for the village, such as Angkringan Kopi Kethip, several tourist attractions and culinary centers is a reflection of lifestyle of the people in Sidoarum. The people of Sidoarum Village have a sub-urban lifestyle, but their administrative area is the village. This is also an obstacle in identifying the real potency of the Sidoarum Village as a superior MSMEs product. The difficulty in determining the real potency of the village due to a discrepancy between the existing potential product and the people’s business ideas/desires.

b. Desa-Preneur Socialization
The initial stage carried out by the Diskop UKM DIY was conducted socialization to explain the intent and purpose of this program to the community and village government. The socialization of the Desa-Preneur Program in the Sidoarum Village was carried out by inviting representatives from MSMEs centers, institutions engaged in MSMEs marketing and community leaders. Socialization also carried out as a means to encourage the enthusiasm of MSMEs actors by explaining the benefits of participating in these activities.

Collaboration with the village government needs to be carried out through intense communication. The weakness of intense face-to-face communication, it takes a long time. Based on the results of the research, the socialization stages of the Desa-Preneur Program in the Sidoarum Village show that socialization is an important phase in fostering a shared understanding. The socialization of the program has been carried out directly by Diskop UKM DIY. This socialization was not only carried out as an effort to provide an understanding of the program, but also to provide motivation for all stakeholders.

c. Capacity Building and Mentoring
The capacity building stage is needed to achieve success indicators for the development of Desa-Preneur. Capacity building at the growth stage
has a focus on strengthening products, business models and the basic of digital marketing. Mentoring is carried out to strengthen the capacity of participants after capacity building in class.

At the growth stage, MSMEs actors understood the standard of product packaging procedures. MSMEs actors are starting to pay attention to packaging standards according to security procedures, especially those related to food products. This is important to increase public trust in the products offered. In addition, the MSMEs actors in Desa-Preneur Sidoarum started to have a business model. The establishment of this business model indicated by a well-thought-out plan for managing the business. The formation of this business model is the way to achieve the business targets.

In the basic of digital marketing material, participants have explored social media, especially Instagram, to expand product marketing. To take a step in digital marketing products, they have to pay attention to their e-mail. Initially, the participants already had e-mails, but they were no attention to the importance of taking care of e-mails, such as forgot the password, the number for authentication has not been updated, and forgot the e-mail account name.

Furthermore, participants began to maximize the use of Whatsapp business to support sales and communicate with consumers more effectively. Initially, the participants did not have a mature concept in managing their Whatsapp business. The use of Whatsapp business and Instagram, sales of MSME products can be expanded broadly. The use of social media by mentoring participants has been equipped with product photos consider the angle, light, background and quality of the photos. Social media profiles have been equipped with a logo.

In the second year, capacity building at the development stage focuses on increasing product standardization, financial management, branding and advanced digital marketing. At this stage, MSMEs actors stated that they could expand the network, a lot of knowledge was gained about brands, Halal, Intellectual Property Rights (HAKI/Hak Kekayaan Intelektual), Business Identification Numbers (NIB/Nomor Induk Berusaha), Home Industry Food Production Certificates (SPP-PIRT/Sertifikat Produksi Pangan Industri Rumah Tangga) after attending the mentoring.

The implementation of the Desa-Preneur Program in the Sidoarum Village had an impact on the development of knowledge for Sidoarum MSMEs actors. The MSMEs actors already have knowledge in accordance with the material being taught. Several indicators have been met, but consistency is needed in the implementation of the learning outcomes.

At the development stage, there is a BKK Rintisan Preneur as supporting funds for the Desa-Preneur Program, so that the Sidoarum Village had facilities in the form of a website which could be used as media for promoting MSMEs product. The infrastructure obtained is a product photo studio which can support content on website and social media for the product promotion.

d. Monitoring and Evaluation of the Program

Monitoring and evaluation is carried out to find out the achievements of the Desa-Preneur in the growth and development stage. At this stage, relevant stakeholders evaluate both offline and online. Routine monitoring and evaluation once a month began when the Desa-Preneur Program entered its second year by asking for...
various reports regarding the progress of the implementation of the program and the use of the BKK Rintisan Preneur fund.

Focus Group Discussion (FGD) held regularly once a year is an evaluation tool attended by representatives of members of the Desa-Preneur through BLANGKON approach, Diskop UKM DIY and MSMEs facilitators. The FGD was conducted to discuss the achievements of the program which had been implemented, identify obstacles and jointly find solutions to these problems. The monitoring and evaluation mechanism by Paniradya Kaistimewan carried out periodically. In connection with assisting the implementation of the Preneur’s BKK pilot, Paniradya Kaistimewan conducts online monitoring by discussing activity reports accompanied by photos/videos as evidence.

In general, there is already a periodic evaluation and monitoring mechanism carried out by Diskop UKM DIY and Paniradya Kaistimewan. Obstacles encountered during evaluation and monitoring were regarding target expectations with the reality of program implementation. Intense face-to-face dialogue is used for stakeholders to communicate obstacles. Based on the research results, communication between stakeholders is the main key as a collaborative-problems solving. This intense communication also needs to be supported by showing physical evidence of the program implementation in order to increase stakeholder trust.

**Constrains and Challenges**

In term of face-to-face dialogue, the obstacle is that information regarding the existence of BKK Rintisan Preneur funds in the Sidoarum Village as a supporting fund for the implementation of the program has not been socialized to all MSMEs actors in Sidoarum. Communication which has been established between stakeholders regarding the implementation of the use of BKK Rintisan Preneur funds has not been fully open to all MSMEs actors. There is no official forum to socialize and discuss the use of BKK Rintisan Preneur funds.

Based on the data, the researchers assessed that commitment to the collaboration process can be seen from the participation and contribution of each stakeholder in the collaboration. During the implementation of the Desa-Preneur Program in the Sidoarum Village, Sidoarum MSMEs have not yet been consolidated in an institution such as cooperatives and BUMDes which can encourage the development of their product marketing.

Not all the members of Desa-Preneur Sidoarum Management have a commitment to the process of collaboration. The participants of the program dominated by micro-scale MSMEs and this program has not fully targeted to all Sidoarum MSMEs scales because not all MSMEs actors participate routinely in the mentoring of the program.

Based on this, it is necessary to involve the Sidoarum Village Government as a stakeholder who has the authority to regulate and manage the interests of the community. The Sidoarum Village Government act as a driving force for the initiative of local MSMEs to collaborate.

Shared understanding influences the mindset of stakeholders. If all stakeholders have the same mindset regarding the program implementation, it will make it easier to achieve program targets. Shared understanding of the MSMEs actors has not been fully realized because there is still dualism between the Desa-Preneur Sidoarum Management and the Sidoarum MSMEs Communication Forum (Forkom UMKM Sidoarum) which actually have the same goal of empowering MSMEs. There
is no mutual agreement regarding to the material and coaching model in MSMEs empowerment in Sidoarum where the Head of Forkom considers that the mentoring scheme in the Desa-Preneur Program is still too difficult to realize.

Cooperatives have not yet been formed and BUMDes is not yet running in the Sidoarum Village. This problem indicating that a common understanding has not been reached regarding to the importance of forming cooperatives and BUMDes for the development of their businesses. BUMDES in Sidoarum already exists, but is not running well due to the absence of a joint agreement regarding the vision and mission of BUMDes.

The starting conditions is a factor in each stakeholder before the collaboration cycle runs. It can affect the course of future collaboration as an obstacle or a support for collaboration. The facilities and infrastructure provided by the Sidoarum Village Government need to be maximized in their function to support the implementation of the program. The wish of MSMEs actors to have a showroom provided for them actually could be realize because the Sidoarum Village Government has shop building which can be utilized. The addition of wi-fi devices, laptops and LCD projectors to support the empowerment of MSMEs also needs to be provided.

Fund budgeted for mentoring needs to be re-budgeted to provide sufficient funding for 16 times of mentoring. According to the management of Desa-Preneur Sidoarum, BKK Rintisan Preneur considered to be in accordance with the needs of various activities in this program.

The results of the study also show that there are already technical guidelines for the Desa-Preneur Program as outlined in the Regulation of Governor of Special Region of Yogyakarta Number 20 of 2022 concerning Technical Guidelines for Desa-Preneur Development. Government stakeholders already have clear coordination relationships in the implementation of the program as outlined in the Regulation of Governor of Special Region of Yogyakarta Number 100 of 2020 concerning Guidelines for the Implementation of Dana Keistimewaan (Special Grants) for Privilege Funds for the Village Government.

Marketing is still the main problem for Sidoarum MSMEs. Marketing is not about to expand the reach of product sales, but also relates to the production. Products can be accepted on the market when their legality is complete. The legality consists of administrative permits include NPWP, NIB, SIUP, Brand HKI and distribution permits granted for consumer products or direct use which consist of PIRT, Halal Certificate and BPOM. Based on this, it is important for government to organize training and assistance for MSMEs. On the MSMEs side, there is still limited access to knowledge regarding effective marketing methods, so it is necessary to do the digital marketing assistance.

There are still obstacles in the implementation of Regulation of Governor of Special Region of Yogyakarta Number 20 of 2022 concerning Technical Guidelines for Desa-Preneur Development that the composition of the Desa-Preneur Management consists of:

1. Protector is held by lurah has the function of protecting the activity of Desa-Preneur and in the interaction with external actors;
2. The supervision is held by the head of the TP PKK, Ulu-Ulu (Section Head in charge of Welfare) and Kamituwa (Head of Service Section) as the driving force for the Desa-Preneur organization, as a place to ask, coordinate, as program development initiators;
3. The chairman is in charge of leading the Desa-Preneur organization. The functions of Chairperson and the Secretary as a formatter to form the complete Desa-Preneur management.
The chairman is in charge of preparing work and budget plans and submit a written accountability reports to all members;

4. The secretary is in charge of carrying out administrative governance, conducting and archiving the minutes and activities of the Desa-Preneur.

5. The treasurer carries out financial governance, verifies and archives evidence of incoming and outgoing cash flows;

6. The fields are the core executors and institutional coordinators formed in villages consist of Production Sector, Marketing Sector, HR Sector, Digital Marketing Sector, Institutional Sector and Finance Sector;

7. The Special Committee is the executor of Desa-Preneur activities which is formed as needed.

In the Desa-Preneur Sidoarum Management, the position of the supervisor is only held by Ulu-Ulu. The number of MSMEs empowerment programs initiated by the local government has had an impact on the Sidoarum Village Government in implementing these programs. The implementation of programs which have the same objectives have not been well integrated and there are still sectoral egos so that the Sidoarum Village Government has not been able to manage them optimally.

The chairman and secretary of the Desa-Preneur Sidoarum Management have carried out their duties according to their capacity exceeding the tasks and functions listed in the technical instructions. This is because the position of treasurer and 6 fields did not work. The implementation of the Desa-Preneur Program has not been maximized due to the limited number of personnel.

The non-government stakeholders, Satoeasa and the Desa-Preneur Sidoarum Management, are assigned based on an appointment decree which has not been accompanied by a description of the duties, functions and authorities. Based on the Decree of the Head of the Department of Cooperative and SMEs of Special Region of Yogyakarta Number 089/Kep/BIDIV/III/2021 concerning Expert Desa-Preneur Assistants, the Department of Cooperative and SMEs of Special Region of Yogyakarta recruited Satoeasa as a partner to manage the Desa-Preneur Program in Sidoarum Village. Satoeasa as an expert in developing the concept of MSMEs empowerment as well as a facilitator for assisting MSMEs. In the coordination between Satoeasa and the Department of Cooperative and SMEs of Special Region of Yogyakarta, there were no written standard operating procedures (SOP) for program implementation.

The elaboration of duties, functions and authorities in the attachment to the appointment decree of MSMEs facilitators, Desa-Preneur Sidoarum Management and the establishment of an MSME product marketing agency needs to be done. SOP elaboration is an important factor as legitimacy in the collaboration process. This is due to appropriate workflow and distribution of roles can be realized so that available resources can be optimally utilized for the benefit of MSMEs empowerment.

There were still problems with the completion of the program. Mentoring is carried out by starting with socialization which is not easy, so that the completion of the program is not in accordance with the government’s schedule. Further evaluation regarding the technical implementation of the program needs to be done in accordance with the conditions of the village location, the community and the village apparatus.

The researcher considers that each leader from Sidoarum Village Government, Satoeasa and the Desa-Preneur Sidoarum Management has facilitative leadership. This leadership manifested by providing opportunities for followers to participate in the program. The leader of each stakeholder
can act as a mediator in conflict and always strives to manage well collaboration process.

On the other hand, the researcher concludes that lurah still acts as program leader only administratively because lurah did not intervene in the substance of MSMEs training and mentoring. The village government is a stakeholder who has the most powerful resources because they have the power and authority in managing the community. According to the Regulation of the Governor of Special Region of Yogyakarta Number 2 of 2020 concerning Guidelines for Village Administration, villages government have authority in the field of community empowerment based on community initiatives, origin rights, customs and local wisdom values.

One of the powers of the village government is the authority to regulate and manage the interests of the village community, authority which effectively can be carried out by the village government, or authority which arises because of the development of the village and community initiatives. Based on this elaboration, the lurah can further intervene in the implementation of the Desa-Preneur Program as long as it is guided by the goal of welfare for the community.

Conclusions

Sidoarum has good MSMEs potency, but the economic empowerment of a village cannot be realized from one success MSME. MSMEs empowerment is all efforts to make the prominent MSMEs actors become a multiplier effect to other MSMEs actors so that collaborative MSMEs empowerment is important to implement. However, the research results show that collaborative governance indicators in Desa-Preneur Sidoarum have not been fully implemented. In terms of collaboration, there are several recommendations for improving the implementation of the Desa-Preneur Program, especially in Sidoarum Village and all districts in DIY.

The village government needs to play an active role in the implementation of Desa-Preneur Program because the important thing in collaboration lies in bridging between the Provincial Government through Diskop UKM DIY and the community as MSME actors. It must be done so that the policies which have been taken by the government can be implemented to benefit community as a target group. Lurah as a leader can stand alone, but each leader within a stakeholder has limited authority according to their capacities. The implementation of the Desa-Preneur Program can work properly if all stakeholders collaborate with each other.

In an effort to expand market reach, the thing which can be done is to expand the network. Based on this, the DesaPreneur Program cannot stand alone, but must synergize with other programs supporting the realization of Desa Mandiri Budaya, that is Desa Prima, Desa Budaya and Desa Wisata which participate in supporting the development of MSMEs in the local area. This effort requires local actors who are ready to collaborate not only on the internal implementation of the program, but also with other supporting programs. This is form of optimizing existing resources so that it can be a solution to limited human resources, budget and infrastructure in the implementation of MSMEs empowerment.

The appointment decree for MSMEs facilitators and Desa-Preneur Administrators should be equipped with attachments of duties, functions and authorities in order to create clarity on the limits of the roles of each stakeholder. In addition, the appointment decree should be equipped with a collaboration period that can be extended periodically as legitimacy in the implementation of collaboration.

Institutional strengthening as one of the stage indicators in the Desa-Preneur Program is important to realize because
in the third year, the target to be achieved is to strengthen market access. In efforts to expand market access for MSMEs, the role of village economic institutions such as BUMDes and Cooperatives is needed as well as the participation of all members of the Desa-Preneur Sidoarum Management to manage collaboration between Sidoarum MSMEs actors.

The implementation of the Desa-Preneur Program at the village level needs to involve Diskop UKM of Sleman Regency and the Godean Sub-District Government in the implementation of training and mentoring activities so that the coordination range is not too wide.

In efforts to implement training and mentoring for Sidoarum MSMEs, especially to increase the capacity of MSME actors in terms of digital marketing, it is necessary to collaborate with the government in the field of communication and informatics and related government agencies in the field of trade and industry.

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