

The Effectiveness of the Revolving Capital to Improve the Development of Cooperative and Micro, Small, and Medium Enterprises (MSMS) in Kediri

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Abstract

The purpose of this research to analyze the provision of revolving capital can increase the development of micro small and medium enterprises (MSMS) and test hypotheses whether the provision of revolving capital has leverage a positive influence and significant to the development of MSMS. The method of this research is survey. The population of this research are all of MSMS that get revolving capital, and the number of MSMS are 25. Whereas the number of the sample are 15. The reason MSMS is showing growing significantly. The sampling technique is random sampling. To analyze revolving capital funds is used a descriptive analysis as the average and the percentage. To analyze the growth of MSMS is used a formula of the increase of productivity, the formula of the increase in business volume, the formula of the rise of added value and the percent of the increase of the employment infiltrating. To test hypotheses is used a formula linier regrestion. The Instrument and the data collection technique in this research are orientation to the interview, documentation and questioner.

The result of hipotesis test is the linier model may be accepted or simultaneously (together) all of the free variables (rolling capital) can give the influence to the dependent variables (MSMS expansion) but this influence is not significant. The result showed that the business development of MSMS 1) from a sample of 15 totals and 86.67% undergoing development, 6.66% a temporary to stop business and the owner moves other professionals, 6.66% has a business stopping. It means the moving modal is effective to increase the development of Cooperation and MSME 2) there is a positive influence between a rolling capital and the development of MSMS. It means the higher revolving capital will be followed by the increase in the development of MSMS but the influence of revolving capital to the development of MSMS is not significant.

The conclusion of this research is, 1) the business development of MSMS, from a sample of a totals of 15 and 86,67 % undergoing the development, 6,66 % a temporary to stop business and the owner moves other professionals, 6,66 % has a business stopping. It means the moving modal is effective to increase the development of Cooperation and MSMEs. 2) there is a positive influence between a rolling capital and the development of MSMS. It means the higher revolving capital will be followed by the increase in the development of MSMS but the influence of revolving capital to the development of MSMS is not significant. 3) There are some causes why the moving modal has an effective impact but not significant because the strengthening of the modal is one of empowering to the Cooperation and MSMEs besides empowering in other forms, such as: a. Education and training; b. The management guiding and the developing of technology; c. The product marketing; d. Facilitating the cooperation between Cooperation and MSMEs with other enterprises. e. Protecting and giving the appropriate law for the business developing made by Cooperation and MSMEs; f. Facilitating the Right of Intellectual Wealth; and g. facilitating the organization activity of Cooperation and MSMEs. 4) It is needed the analysis of the empowering need to Cooperation and MSMEs. The purpose is to identify the empowering need needed by Cooperation and MSMEs in order to the empowering having made is on target, so it doesn't waste the source.

Keywords: cooperatives, development, MSMS, rolling capital.

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1. INTRODUCTION

Participation of cooperatives, micro, small, and medium enterprises (MSMS) in economic development can have no doubt. In 2013 the statistic central agency (BPS) noted the amount of MSMS reached 55.206.444 units or 99.99% of total economic agents. The national of Gross domestic product (PDB) about constant value in 2000 national was Rp 2.377 trillion. The contribution of MSMS was as much as Rp 1.369 trillion or 57.60%. From the number of it, the contribution of micro busines (UM) I was Rp 761.2 trillion or 32.02% and small business (UK) was Rp 261.3 trillion or 10.99%. Medium business (UM) was Rp 346.8 trillion or 14.59%. The contribution of big business (UB) Rp 1.007.8 trillion or 42.40%. The contribution would increase Rp 86.8 trillion or 6.7%, compared to the previous year. MSMS was able to absorb the labour as many as 101.722.458 people or 97.24% of the absorbing total. The Contribution of UMI was recorded as many as 90.77%, and UK was as many as 3.75%. UM was recorded as many as 2.72% (Biro Pusat Statistic, 2013).

From this data shows that MSMS has an important role and strategic as an economic growth, the increase of national income, the increase of exports, the increase of competitiveness, the decrease of poverty, absorbing of

employment. The ability of MSMS needs empowering and developing ceaselessly by trying to reduce obstacles contributed in order to give more maximum contribution to the increasing of society safety.

The government of Kediri city through cooperative duty and MSMS has provided fund namely the capitalization reinforcement in rolling form (rolling capital) to MSMS. Short-term purpose from this program is the strengthening of the capitalization of MSMS because the classic problem of MSMS is lack of capital. With the additional of capital it is wished that MSMS can increase production capacity so that the augment of business scale and rising profits. Medium and long-term of purpose from this program is The development of MSMS namely doing the productivity of MSMS to grow and develop into a tough and independent business.

According to the rule of Indonesian Republic regulation no. 20/2008 about MSMS, the efforts to improve the performance of MSMS can be done with empowerment. It is the effort by the government, the regional government, the business world and the society as synergy in the growth of climate and the business development of MSMS to grow and develop into independent and tough business.

The business climate is a condition which is achieved by the region government to deceive MSMS in synergy through the determination of the various rules of law and policies on various aspects of economic life to MSMS so as to obtain the separating, certainty, chance, protection and many supports.

The development is the efforts made by the government, the regional government, the business world and the society to empower MSMS through the facility, guidance, assistance and bracing of assistance to grow upgrading and competitiveness MSMS.

In the foundation and principle of development community called the comprehension of empowerment; helping the community and with resources, the opportunity, scientific expertise and capacity so that communities can increase in order to determine the future of community participation. The core of empowerment is the region rule separating, the resource access, the development of a client, the increasing of capacity becoming the power, independence, increasing of autonomy, and finally to increase safety. In order to MSMS can be tough and independent business, then empowerments done are local regulations, access resources (human resources, nature resources, capital, machinery), the giving of facility, guidance, assistance, bracing of assistance, a chance, expertise and knowledge so that MSMS has the power (independency), independence, the performance improvements finally being able to achieve welfare (Arvaneh, 2016).

From the description above, the emerging problems in this research is how empowerment of MSMS that has been done by the government of Kediri city (the service cooperative and MSMS) in form of fund revolving capital having been able to accomplish a purpose short-term as well as a short term and long. The purpose of the short time is with funds revolving capital it can increase the capital of business so that the scale rises and increases the profit. The length of medium-term goal is the development of MSMS namely MSMS having been strong business and self-financing through the empowerment undertaken like region rules siding with, access resources (human resources-SDM, nature resources-SDA, capital, machinery), the giving of facility, guidance, assistance, bracing of assistance, a chance, expertise and knowledge so that MSMS having the power (independency), independence, the performance improvements finally achieving welfare. Hence they are needed the study of the effectiveness of revolving capital necessary funds to improve the development of MSMS seen both from the purpose of short-term and from the medium and long-term goal.

The title of this research is the implementation of aid program of credit provision in an effort to increase work productivity of vegetable sellers (study to vegetable sellers in Juwet Krajan village, Tumpang sub-district, Malang district). Researcher's name is Viana Dhama Yantie, Irwan Noor, Lely Indah Mindarty that take the faculty of administration science and their major is public administration at Brawijaya University in Malang.

The result of research showed that that the role of the cooperative and UMKM in Tumpang sub-district, Malang district was so important for players of UMKM in helping the development of small and middle businesses. Government was very support by making easily to regulation or rules for doers of UMKM by processing capital access.

With the evaluation, after showed a program of the presenting of credit, hence the offenders of UMKM would really know how to make monetary management simply, how to market and how to do packaging of products. Business credit help as totality had already worked very well, and the impact of it was increasing business capital and the productivity labor also getting good results too.

By having support factors and inhibitors influencing to the program of the credit provision help, the conclusion which we get is that the program implementation of business credit help by the cooperative office and UMKM (middle, small and micro business) in Tumpang sub-district, Malang district has been running well and can increase the third labor productivity- vegetable sellers.

Restrictions of a problem (scope) of this research are: 1 revolving capital funds for the increasing of working capital and investment; 2) the empowerment undertaken as local regulations, access resources, the giving of facility, guidance, assistance, bracing of assistance, a chance, expertise and knowledge; 3) development of MSMS is to increase business scale of MSMS with indicator increasing productivity, selling product items, profit, a scale of business and infiltrating workforce. The purposes of the study: 1) to analyze the effectiveness of revolving capital

funds to improve the development of MSMS in the city of Kediri; 2) to test whether the revolving capita fund 1 has the leverage to the development of MSMS in the city of Kediri.

The advantage of this research: 1) for MSMS can improve the performance of MSMS both in term of financial, management and the foreign, 2) for the regional governments can do empowerment bracing target both in the capital, their business assistance and strengthening entrepreneurship characteristic, 3) For universities can help empower the MSMS from the side of the sources that we have small medium enterprise flanking flesh as a servant and can be overcome with technology.

2. RESEARCH METHODOLOGY

Variable research

Free variable in this research is revolving capital funds with indicator that is amount of revolving capital that is loaned to the medium, small and micro business. Banded variable in this research is the development of the medium, small and micro business with indicator that is increasing productivity, the business volume, added value and absorption of labor.

Approach research

The research approach used in this research is the approach quantitative. It is an integrated between mazhabmarburg collaborated and the flow of positivism philosophy. Research purposes are more directed to show the relations among variables, verifying theories, doing predictions and generalization. The research methodology used in this research is descriptive research. The purpose of research descriptive is to describe/solve the problem systematically, factually and accurately about the facts and the properties of the population or to a definite region.

The population and the research sample

Population in this research is all cooperatives and micro and, small and medium business receiving aid funds of revolving capital from cooperative office small and micro business. The sample in this research is a part of cooperatives and micro and, small and medium business said funds of revolving capital from cooperative office small and micro businesses to total 15. The sample collection is done randomly (random).

Type of economic activity consisting of cooperation, furniture, tofu production, buying and selling building materials, trading, a grocer, convection. The main reasons for the sample to be taken is for feasibility of scale enterprises (get the rolling financial capital loan and not too micro), sales rose, production and order from the customers is stable, high gyrations asset.

The instruments and techniques of data collection

Instruments and techniques of data collection in this research are the guidelines, documentation and questionnaire.

Analysis technique of data

a) To analyze revolving capital funds is used a descriptive analysis as the average and the percentage. b) To analyze the growth of MSMS is used a formula of the increase of productivity, the formula of the increase in business volume, the formula of the rise of added value and the percent of the increase of the employment infiltrating. c) To test hypotheses is used a formula ($Y = a + b_1x_1$), it's mean:

Y = Development of MSMS

a = constant

b_1 = regressive coefficient

x_1 = revolving capital

(Santoso, 2011).

d) In the classic assumption test of regression analysis to achieve research purposes there are several problems that must be solved through the classic assumption test. e) Statistic hypothesis:

Ho: $b = 0$, there are no positive effects and significant of revolving capital to the development of MSMS.

Ha: $b \neq 0$, there are positive effects and significant of revolving capital to the development of MSMS.

The testing of hypotheses of the free variable influence for bound variables as partial use the test "t" by significance level 0.05. The basic of restitution decision is done with comparing a significance value " α " as many as 5 percents. If the significance value is more than α , the independent variable does not have an influence for the dependent variable (Ho refused or Ha accepted), whereas if the significance value is less than α , the independent variable has significantly influence for dependent variable (Ho rejected or Ha received) (Ghozali, 2007). The testing of hypotheses can also be implemented by comparing t count and t table. If t count is \leq t table, Ho received (Ha refused) and t count is $>$ t table Ho refused (Ha received)

The testing of hypotheses for free variable to bound variable as simultaneous uses (used once) to test "F" by significance level 0.05. The basic of the decision removal is that the value F count is \geq F table so accordingly all independent variables have the significant influence to the dependent variable or Ho refused and Ha received. However, if F count is \leq F table, so accordingly all of the independent variables have no significant impact to the dependent variable or in other words (Ha accepted and Ho rejected)

A determination coefficient (R^2): this content of a determination coefficient (R^2) measures how far the ability

of capital is for confirming the dependent variable variations (Kothari, 2004). The value of the determination coefficient is between 0 to 1. The value of R^2 which is low shows the ability of independent variable in clarifying the variation of dependent variable inadequately. A value which is approaching 1 (independent variable) gives nearly all the information needed to predict the variations of dependent variable for. (Mastering SPSS versi 19).

3. RESULT

A general picture of the capital policy of revolving pattern

The capital policy of revolving pattern (revolving capital) is found in the district law of Kediri city no. 4/2009 about the cooperative productivity, micro, small, and medium enterprises (MSMS). These are explained to the principles, aims and productivity principles of MSMS.

Productivities of MSMS are found: 1) family matter; 2) the economy and democracy; 3) togetherness; 4) the justice efficiency; 5) continuing; 6) the environmental conceive; 7) independency; 8) the improvement parity; 9) the economic unity. The purposes of MSMS are: 1) to increase the participation of the people and business circles to cultivate MSMS; 2) to increase productivity, competitiveness and market share of MSMS; 3) to increase access to productive resources; 4) to increase the roles of MSMS as the economical doers, who are tough, professional, and independent as basis of the society-economic development based of the market system which is fair, basis of the natural and productive-human resources, forward, defense-less, environmental conceive and continuing.

The empowerments of MSMS are based on the principles following: 1) effective; 2) efficient; 3) integrated; 4) sustainable; 5) professional; 6) fair; 7) transparent; 8) accountable; 9) independence; 10) business ethics. The empowerments of MSMS are done in the forms: 1) education and training; 2) the bracing of capital; 3) the guidance of management and the development technology; 4) product marketing; 5) the facility of the organization activity between MSMS and other business operators; 6) protection and the provision of legal law for development business done by cooperative; 7) facilitation of intellectual property rights (HAKI); 8) the facility of the organization activities for MSMS. The empowerments as the capital bracing conducted by the regional government through a bank or financial institution appointed.

Education and training is improving the academic qualifications and working practices for human resources to increase the competency of expertise and managerial job. Bracing of capital is giving capital assistance to working capital and investment to increase production capacity and scale of business. Assistance management and to develop technology done to increase the management and competitiveness. Product marketing intended to enlarge distribution of a product and sales in. Facilitation cooperation between cooperatives and MSMS with another entrepreneurs be done to improve product innovation. Protection and the provision of legal certainty to ensure rights and obligations business. Facilitation intellectual property rights judge on the process and product resulted. Facilitation activities organization cooperatives and MSMS to help growth and development organization business.

The empowerments of MSMS can be done as to establish a partnership and business network between MSMS and big business. The principles of partnership are: 1) to create a partnership between MSMS with big business; 2) to prevent something to adverse MSMS in the implementation of business transactions with big business; 3) to develop cooperation to improve the position of bargaining MSMS; 4) to prevent the formation of the market structure which leads as the unhealthy competition in the monopoly form, oligopoli and monopsoni; 5) to prevent the mastery of the market and the convergence of business by an individual or certain group to adverse MSMS. The partnership can be done in the form of: 1) plasma core; 2) contract sub; 3) general trade; 4) franchise; 5) agent; and 6) other forms.

In the rule of mayor number 59 in 2009 about guidelines for the implementation instrument of capital participation through the empowerment program to MSMS mentioned about the distribution of programs funds namely: 1) the distributing cooperation of program funds implemented with a channeling pattern; 2) the local government does the including funds in the form of the capital-additional deployment in deposit of the bank appointed; 3) because of the deployment of these funds, the local government obtains services 2% per year, as regional real revenue (PAD) and directly deposited into the cash region after the loan realization; 4) the getting of the service 2% is a part of the details of amounting funds to 6% a year in the executing bank arranged in the obligation payment mechanism.

Mechanisms of the obligation payment to the program participants for the executing bank are arranged as: 1) the fund placement in the executing bank obtains a service 6% per year taken ahead with time period adjusted with the maximum of 24 months (2 years) including a grace period of 2 months per year starting date for a loan; 2) the merit details of 6% per year are stipulated in the agreement on co-operation between local government and the organizer bank; 3) the amount of obligation payments as many as 6% per year from the loan subject is conducted by the program participants for the first year to be done at loan funds accepted and the second year of payment is done in the first month of the second installment year to a loan; 4) as many as 100% of the loan principal is payable as loan subject installments as many as 22 months and published on account of each program participant of MSMS; 5) the installment loan becomes the obligation program participants and the organizer of payout is done every

month.

Sanctions for MSMS which are unable to complete their obligations on time are: 1) the program participants who do installment delay payment are incurred penalty sanction as much as which is decided in the loan agreement and paid into the addition of PAD; 2) fine amounting to 1% of the principal installments every month is counted of maturing; 3) for program participants who experience failure, they cannot do the installments business so it can't be doing installments and can be carried out in accordance with the banking law process.

Descriptions and analysis of data

Descriptions and analysis of data are elaborated in the recapitulation of the effort prestige from the revolving capital fund provided by the cooperative department and MSMS of Kediri city below.

Table 3.1 Recapitulation of the effort prestige from the revolving capital fund

| No. | Effort Prestige | Total | Percentage |
|-----|-------------------|-------|------------|
| 1. | Develop | 13 | 86.67% |
| 2. | Change profession | 1 | 6.66% |
| 3. | Quit | 1 | 6.66% |
| | Total | 15 | 100% |

Data source: Processed

From the recapitulation table of the development business MSMS can be concluded, from 15 samples, 13 samples or 86.67% undergo development or, 1 sample 6.66% the temporary business stops and the owner moves a profession, 1 or 6.66% the businesses stops. From this data shows that the provision of the rolling capital by the cooperative department and MSMS (86.67%) experiences a good development of the side of the number of assets, sales and income, the cost, labor force, the number of consumers and customers and extensive regions of marketing. Hence, they can be concluded with the revolving capital 86.67%, increase the scale of business MSMS.

Then Descriptions and analysis of data will be tested the hypothesis by using statistics whether there is a positive and significant influence on the revolving capital of the development of MSMS in Kediri city. The Instrument uses the questionnaires to measure the opinion of the businessmen on revolving capital borrowed whether questionnaires influence their business development or not. The Instrument uses likert scale namely 1 = really disagree, 2 = disagree, 3 = hesitation, 4 = agree, 5 = really agree. The research instrument is elaborated below:

This research test hypotheses is there a positive influence and significant between the provision of capital revolving on the increase in the development of cooperatives, micro business, small and medium enterprises (MSMS). There is one variable free namely capital rolling and one variable bound namely to increase the the development (MSMS). The results of the hypothesis show there is a positive influence between the provision of capital revolving on the increase in the development of MSMS it means the higher capital revolving increase the development of MSMS but influence was not significant it means there are still many other variables that affect the increase in the development of MSMS as 1) education and training; 2) the bracing of capital; 3) the guidance of management and the development technology; 4) product marketing; 5) the facility of the organization activity between MSMS and other business operators; 6) protection and the provision of legal law for development business done by cooperative; 7) facilitation intellectual officer of new england electric produce which are the rights issue the asii intellectual; 8) in for example the facility of the organization activities the for MSMS.

4. DISCUSSION

The discussion of the statistical test: At the hypothesis test, we get the results that there is a positive influence between a rolling capital and the development of MSMS. It means that the higher rolling capital (a loan), it will boost the development of MSMS. The result of test F shows the equation exactness of linear regression. It means the rolling capital variable is right to judge the development of MSMS or simultaneously, a variable free (revolving capital) has influence to the development of MSMS. It is also supported by correlation testing where there is a strong relationship between a capital rolling and the development of MSMS. Nonetheless, the result of significance test shows sign value greater than α , it means influence is not significant/not real/does not mean.

The discussion of solving problems: there are some causes why the revolving capital has a positive influence but insignificant because the bracing capital is only one of empowerment for MSMS besides the empowerment in other ways like improve financial ratio, improve asset from year to year.

1) Education and training. Gomezelj & Antončič, (2008) the entrepreneur knowledge model that was tested in this study can be seen as relatively robust education level of the entrepreneur (owner/manager), skills and knowledge about functional disciplines are important elements for firm performance.

2) Guidance management and development of technology. According to Chang et al., (2014), generally, there are innumerable external elements existing to be required for the company to have performance, such as internal and external environment, human and material resource, management capability of the entrepreneur, and the creativity of technology and idea. The self-employed creative company which inevitably is inferior relatively in human and material resource must differentiate to the general company by reinforcing creative elements and network

formation for marketing. Therefore, the self-employed creative company which classifies with the self-employed company due to the short establishment period, is in need of continuous interest and policy consideration by the government in creativity and network. Also, for the life cycle for each growth stage of the company, because the initial preparation stage is important, checkpoints such as start-up item and profit model, market and commercialization plan, applicable human network, and concrete strategy for realizing the creative idea must be preceded. Government support must also be diversified from the material support centered before the establishment stage such as utilization of self-employed creative company support center, technology development support project, on/off-line business support, overseas market entry to education and consulting on the overall life cycle, and development of self-employed creative company ecosystem to secure the performance and growth possibility.

3) Product marketing. According to Todorovic et al., (2016), youth and women entrepreneurship was given a special importance in the strategy for support to the development of SME, entrepreneurship and competitiveness from 2015 to 2020, which recognizes six strategic goals: a. improvement of business environment; b. improvement of the access to sources of finance; c. continuous development of human resources; d. enhancing the sustainability and competitiveness of MSMEs; e. improvement of the access to new markets; f. development and promotion of entrepreneurial spirit and encouragement of youth/women entrepreneurship and social entrepreneurship.

4) The cooperation facilitation among MSMS and other entrepreneurs.

a. Policy makers need to consider the potential spillovers of new broadband platforms when considering any public investment in new networks and when assessing potential regulatory requirements on next generation networks. Policy makers should also continue promoting private-sector investment and competition whenever possible to reduce the need for public funds to be directed to broadband projects (Enck & Reynold, 2009).

b. Value of Relationships, Initiatives and Monetizations: If you can view your business as Experiences, then the whole job breaks down in Relationships, Initiatives and Monetizations. Relationship is which people you engage with, and what relationship you build with them. initiatives are what unique initiative you are taking to satisfy your relationships. Monetization is the act of securing revenue out of your relationships. In Experience view, Designing the right set of Relationships, Initiatives and Monetizations is then the definition of Business model (Osterwalder & Pigneur, 2010).

5) Protection and the provision of legal certainty for the development of efforts having been done by MSMS. Entrepreneurship must reflect society's views of all societies that how businesses should operate within paradigms of cultural. Implementation of the new enterprises should focus on social attitudes, political practices, economic policies and the legal system must support creativity and risk-taking abilities (Ahmed et al., 2015).

6) The right facilitation of intellectual property. Knowledge-based economy, intellectual capital is a source for value creation as management of this rare source leads to the organization success. Besides, one of the main strategies for creating sustainable competitive advantage is corporate entrepreneurship. Thus, study conducted to evaluate the impact of intellectual capital dimensions on corporate entrepreneurship. Our findings show that four dimensions of intellectual capital (innovation capital, process, internal structure and social capital) have a positive and significant impact on corporate entrepreneurship (Sell, 2003).

7) Facilitation of organization activities-MSMS. Approaches to capacity development of SME entrepreneurs in Thailand - Malaysia border areas in order to create competitive advantage are: a) in terms of marketing, the capacity in finding marketing channels and conducting marketing promotion should be increased; b) in terms of procurement, it is recommended that information on raw materials must be studied before placing orders, by studying information available on the internet or enquiring information from other businesses; c) in terms of accounting, principles of accounting record, profit and loss statement and balance sheet, must be studied in order to understand business' financial status and to be able to manage finance and accounting efficiently; d) in terms of international law, entrepreneurs should continually study tax benefits for ASEAN Member Countries, business transactions with Malaysia through banking systems and exchange rates; e) in terms of human resources management, SME entrepreneurs must recruit employees with knowledge of systems thinking development and work-related skills; f) in terms of management, entrepreneurs should continually acquire new knowledge by attending SME management trainings organized by both public and private sectors (Chanin et al., 2016).

So that the empowering of MSMS done by both the regional government, the society, the business, education institutions and Indonesia Cooperation Council must be comprehensive overflowing components eight to the empowerment of covering up although the implementation is done in synergy with involving the stakeholders for the development of MSMS.

This one can be given an example on the trade business (stores), the owner usually use the loan used to buy merchandise so that the supplies of good multiply will grow so much. However, the supplies of good multiply growing so much later will refund money if they are by the increase of the sales. If they are not followed by the increase of the sales, the capital will be embedded in the supplies of the business goods and the scale of the effort will just grow from the supply sides without the circulation of money. It means the capital is important but also that sale is more important so the empowerment is needed from the side of the sales (product marketing).

From other examples on business (furniture production, convection), the owners usually use the loan used to buy raw materials (teak wood, cloth). With the purchase of raw materials, the volume of production will increase. If The increase of the production volume is not balanced with the sales both the consumer purchases directly and order, the supplies of goods will heap up so that capital will stop because of the slow rotation of money.

For example in business services (service shop), the owners usually use the loan to purchase equipments. With the complete equipments, the quality and volume of works raise. When the equipment are complete, the human resources and the marketing network must raise so that the orders remain continuously. Hence, the empowerment of the side of education, training and strengthen business network are necessary.

From other examples in cooperatives, The administrators usually use loans to augment working capital to be lent again to members. If the working capital owned by cooperatives increase so that the debtors grow and the amount of the ceiling total raises. However, if the increases in loan are not accompanied by customers to restore timely, there will be a decline of the rotation money and a disturbance to liquidity. So that, the empowerments of members are necessary to have awareness to repay their loans on time and to understand their rights and obligations as members of the cooperative.

From some examples above, they can be taken a conclusion that bracing of capital is important because it has been tested through statistics that there is the influence of a positive revolving capital to the development of MSMS although the influence is not significant because there are still many other variables affecting the development of MSMS. Besides, capital can increase supplies of merchandise, supplies the raw material, but if the equipment is not accompanied by the sale of capital, the capital will be embedded so long in inventories and will take long turned into money that will be rotated back to buy merchandise goods, get profits, and increase the scale of business.

As having already been described above, the empowerment must be done comprehensively such as education, training, guidance management, the development of technology, marketing of the product, cooperation, legal certainty, intellectual property right, facilitation of organization activities and others. The empowerment can also be done with establishing a partnership with a pattern of the nucleus of plasma, sub of the contract general trade, franchise, agent and develop business network. This empowerment can involve all stakeholders who have concern for the development of progress of MSMS.

From forms of the empowering above, the most important empowering is empowering as business doers of the entrepreneur. How business players have the characteristics as an entrepreneur are tenacious, unyielding, optimistic, dare to take risks, loving a challenge, not afraid to fail, having commitment to their business, having a vision to the future, often wanting to go, wanting to be successful and others. Then they are required empowerment from the psychical and mental so they can be encouragement of the progress of the internal to business. We know that so many many variables affect the progress of MSMS, so they are necessary to analysis of the need of MSMS. It is done to identify the need of productivity needed by MSMS to not to be wrong to get targets and just to waste resources so much. The aim analysis can be performed in the Forum Group Discussion (FGD) by involving all entrepreneurs to be empowered. Indeed, the priority scale and budget become the first consideration before determining the principal empowerment to be done.

As a method of data collection, FGD is designed in several phases, namely: 1) the clarity formulation of the purpose of FGD, mainly about analysis about the enablement needs; 2) the preparation of the questions asked; 3) the identification and the selection of participants consisting of stakeholders and competent sources; 4) the preparation of discussion room, including the sound system and the discussion equipment (computers, LCD, blackboard, plano paper, paper meta plan, marker, and others); 5) the implementation of discussion; 6) data analysis (the results of the discussion); 7) a decision about the form of the empowerment undertaken.

The principles of the implementation of empowerment: 1) development for creative thinking; 2) the implementation in the place of the representative education and training; 3) give innovation and the occurrence of a change; 4) a effective communication; 5) the measurable results.

5. CONCLUSION

a) The business development of MSMS, from a sample of a total of 15 and 86,67% undergoing the development, 6,66% a temporary to stop business and the owner moves other professionals, 6,66% has a business stopping; b) there is a positive influence between a rolling capital and the development of MSMS. It means the higher revolving capital will be followed by the increase in the development of MSMS but the influence of revolving capital to the development of MSMS is not significant.

By the presence of the kind of capital assistance rolling of a municipal government Kediri for MSMS business development is also which showed increases in both viewed from scale enterprises as well as the disbelievers does not increase several sample business operators. It is seen in a report out for kumkm representatives from the office of the city of Kediri as follows: Kristianto the head of department for cooperatives and micro and small entrepreneurs the city of Kediri explained that there micro small and medium enterprises in the city of Kediri east java risen by the end of every year we have taken whereby on 2014 listed around 26.000 people and then increases to around 31.000 on 2015. This increase because municipality Kediri provide facilities actors MSMS like bring

training, access to credit soft of revolving loans with rate only four percent per year (ekonomi.metrotvnews.com)
The note: the number of small and medium scale businesses consisting of cooperatives , micro business , small and medium enterprises. The study is done at cooperatives and micro enterprises with a beneficiary of this program the capital borrowed there were a total of 25 from the group revolving fuel price hike worried investors an economic activity while only 15 of being worthy of being analyzed in terms of.

Suggestions: a) For the government duty of cooperatives and MSMS: 1) needed the empowerment expansion besides the capital reinforcement; 2) the empowerment can involve all stakeholders having concern to the progress or development of MSMS. b) For businesses and MSMS: 1) the capital of revolving capital is just a stimulus for the development of MSMS so that it is needed the cultivation carefully and use suitable needs; 2) the revolving capital needs following by sales and the quality of products so the capital embedded in supplies and loans of members can immediately go to be cash so that it does not trouble liquidity; 3) it is needed the characteristics as entrepreneurs to motivate internal for development of MSMS.

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