



Design and Mentoring of Business Units in Supporting the Empowerment of MSMEs at the Koperasi Desa Merah Putih

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ABSTRACT

This community service activity is designed to deliver targeted mentoring for business units, fostering the empowerment of Micro, Small, and Medium Enterprises (MSMEs) within the Merah Putih Village Cooperative in Hargosari Village, Sine District, Ngawi Regency. Key challenges for partners include constraints in business management, insufficient business model innovation, and underutilization of marketing strategies and cooperative business unit development.

The activity implementation method uses a participatory approach, with stages including needs identification, business unit design, training, mentoring, and evaluation. The mentoring activities focused on strengthening the capacity of cooperative managers and MSMEs to design sustainable business models, manage business operations, and develop adaptive marketing strategies.

The results of the activity demonstrated that partners understood the concept of business unit design and began implementing a more structured business model. Furthermore, there was an increase in capacity in business management, business decision-making, and collaboration between cooperative members and MSMEs. The mentoring also encouraged the formation of more productive and market-oriented business units.

This activity significantly empowers cooperative-based MSMEs and strengthens business units as catalysts for the local economy. Program sustainability depends on ongoing mentoring and synergy among universities, village governments, and business actors.

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1. Introduction

The development of a community-based economy demands strengthening the capacity of local businesses, particularly Micro, Small, and Medium Enterprises (MSMEs), as a key pillar of the national economy. MSMEs contribute significantly to employment and economic growth, particularly in rural areas [1]. However, MSMEs still face various obstacles, such as limited access to resources, low managerial capacity, and suboptimal business management based on structured business models.

One approach to increasing MSME capacity is through strengthening cooperative institutions as collective economic platforms for communities. Cooperatives play a strategic role in promoting economic independence and improving the welfare of their members through joint business management [2]. In this context, the existence of cooperative business units is a crucial element in creating added economic value and enhancing the competitiveness of the MSMEs within them [3].

However, in practice, many village-level cooperatives do not yet have optimally managed business units. This is due to limitations in business planning, a lack of innovative business models, and minimal mentoring in business unit

development. In fact, designing the right business unit can be an effective strategy for improving cooperative performance and strengthening the position of MSMEs in the market [4].

Hargosari Village, Sine District, Ngawi Regency, is an area with significant MSME potential, but it is not yet supported by optimal cooperative business unit management. The Merah Putih Village Cooperative, as a local economic institution, has the opportunity to develop a business unit capable of driving the community's economy. However, limited capacity in designing and managing the business unit is a major challenge.

Based on these issues, intervention is needed through community service activities focused on designing and mentoring cooperative business units. This approach emphasizes not only conceptual aspects but also practical implementation through ongoing training and mentoring. Mentoring is an effective strategy in community empowerment because it can continuously increase the capacity and independence of partners [5].

Thus, this community service activity aims to design and assist the development of business units in supporting the empowerment of MSMEs at the Merah Putih Village Cooperative in Hargosari Village, so as to increase business capacity, strengthen cooperative institutions, and encourage sustainable local economic growth [6][7].

2. Method

This community service activity was implemented in Hargosari Village, Sine District, Ngawi Regency, with the primary target participants consisting of the management board of the Merah Putih Village Cooperative and Micro, Small, and Medium Enterprises (MSMEs) operating within the cooperative ecosystem. The program aimed to strengthen institutional capacity and improve the ability of cooperative managers and MSME actors in designing, managing, and developing sustainable and market-oriented business units. The activity adopted a participatory empowerment approach combined with a business incubation model, emphasizing the active involvement of participants throughout all implementation stages, including problem identification, business mapping, business model development, implementation, mentoring, monitoring, and evaluation [8]. This participatory model was selected to ensure that the resulting business strategies were contextual, adaptive, and aligned with the socio-economic conditions of the local community [9][10].

The novelty of this program lies in the integration of cooperative institutional strengthening, Business Model Canvas (BMC)-based business planning, and sustainability-oriented mentoring within a village cooperative setting. Unlike conventional community service programs that generally focus only on training delivery, this activity applied a structured empowerment framework consisting of baseline assessment, collaborative business design, implementation assistance, and measurable evaluation indicators. The program also emphasized the development of market-oriented village business units through data-based planning and continuous mentoring. This integrated approach represents an innovative model for strengthening

village cooperative governance and MSME competitiveness in rural areas.

The implementation process was divided into six systematic stages: (1) preliminary assessment and problem mapping, (2) business potential analysis, (3) business model design using the Business Model Canvas (BMC), (4) managerial and operational training, (5) intensive mentoring and business implementation, and (6) monitoring and evaluation. Each stage was designed with measurable outputs and indicators to ensure program effectiveness and sustainability [11].

The first stage involved preliminary assessment and problem mapping conducted through direct observation, semi-structured interviews, documentation studies, and baseline surveys involving cooperative administrators and MSME actors. This stage aimed to identify the existing conditions of the cooperative business units, institutional management systems, operational constraints, marketing practices, financial management capacity, and local business potentials. The assessment also explored challenges faced by participants, including limited managerial competence, lack of business planning, weak branding strategies, and limited market access. The collected data served as the foundation for designing intervention strategies and determining the most relevant training materials [5] [12]. The baseline assessment ensured that the empowerment program addressed actual community needs rather than generalized assumptions.

The second stage focused on business potential analysis and identification of strategic opportunities for cooperative business development. During this process, participants were guided to analyze local economic resources, consumer demand, village production potential, existing business networks, and competitive advantages of local products. SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats) was also employed to assist participants in identifying internal and external factors affecting business sustainability. This analytical process encouraged participants to critically evaluate the feasibility and scalability of potential business units that could be developed collaboratively within the cooperative structure.

The third stage involved designing business units using the Business Model Canvas (BMC) framework. Participants were trained to systematically formulate nine essential components of business development, namely: value propositions, customer segments, customer relationships, channels, revenue streams, key resources, key activities, key partnerships, and cost structures [4] [13]. The BMC approach enabled participants to visualize and organize business ideas more comprehensively and strategically. In this stage, participants worked collaboratively in groups to develop business model prototypes tailored to local market needs and village economic potential. The participatory BMC workshop also facilitated discussion, idea exchange, and collective decision-making among cooperative members and MSME actors [14].

Following the business model development process, the fourth stage focused on managerial and operational strengthening through practice-based training sessions. The training covered business administration, simple financial management, inventory management, marketing strategy development, customer service, product branding, and

digital promotion strategies. Participants were also introduced to basic business feasibility analysis and risk management concepts to improve decision-making capacity. The training used interactive methods such as case studies, simulations, group discussions, and hands-on exercises to ensure participants could directly apply the acquired knowledge in their respective business contexts.

The fifth stage consisted of intensive mentoring and implementation assistance conducted over several weeks. During this phase, facilitators assisted participants in implementing the designed business models, improving organizational governance, preparing operational plans, developing marketing strategies, and evaluating business performance. Mentoring activities included regular consultations, monitoring visits, business plan reviews, and problem-solving discussions. This stage represents one of the program’s key innovations because it emphasized sustained guidance rather than one-time intervention activities [9][10]. Continuous mentoring was essential in strengthening participants’ confidence, managerial consistency, and ability to adapt business strategies according to market conditions.

To ensure program effectiveness, a structured monitoring and evaluation system was developed using both qualitative and quantitative approaches. Evaluation was conducted in two forms: formative evaluation during implementation and summative evaluation at the end of the program. Formative evaluation aimed to monitor participant progress, identify implementation barriers, and improve mentoring effectiveness throughout the activity process. Summative evaluation was conducted to measure the overall impact of the program on participants’ competencies and institutional development [15].

Several evaluation instruments were utilized, including pre-test and post-test questionnaires, observation sheets, interview guidelines, business model assessment rubrics, documentation analysis, and Focus Group Discussions (FGDs). Pre-test and post-test assessments were used to measure changes in participants’ understanding of business planning, cooperative governance, and business management concepts. Observation sheets assessed participants’ practical abilities in preparing business models, conducting financial planning, and implementing operational strategies. Business model assessment rubrics were developed to evaluate the completeness, feasibility, innovation, and sustainability aspects of the BMC designs produced by participants.

FGDs were conducted at the final stage to gather participants’ reflections regarding the benefits, challenges, and sustainability prospects of the program. The discussions also explored participants’ readiness to independently manage and expand the developed business units. In addition, documentation analysis was used to evaluate the outputs generated during the program, including business plans, organizational documents, marketing materials, and financial records.

The measurable indicators of program success included: (1) increased participant understanding of business management concepts based on pre-test and post-test score comparisons; (2) the successful preparation of structured Business Model Canvas documents by participants;

(3) improved managerial and operational competencies among cooperative managers and MSMEs; (4) the establishment of market-oriented business unit development plans; (5) increased participant confidence in managing cooperative-based businesses; and (6) the implementation of more organized business administration and marketing systems.

The overall methodological framework of the program can be illustrated in the following diagram:

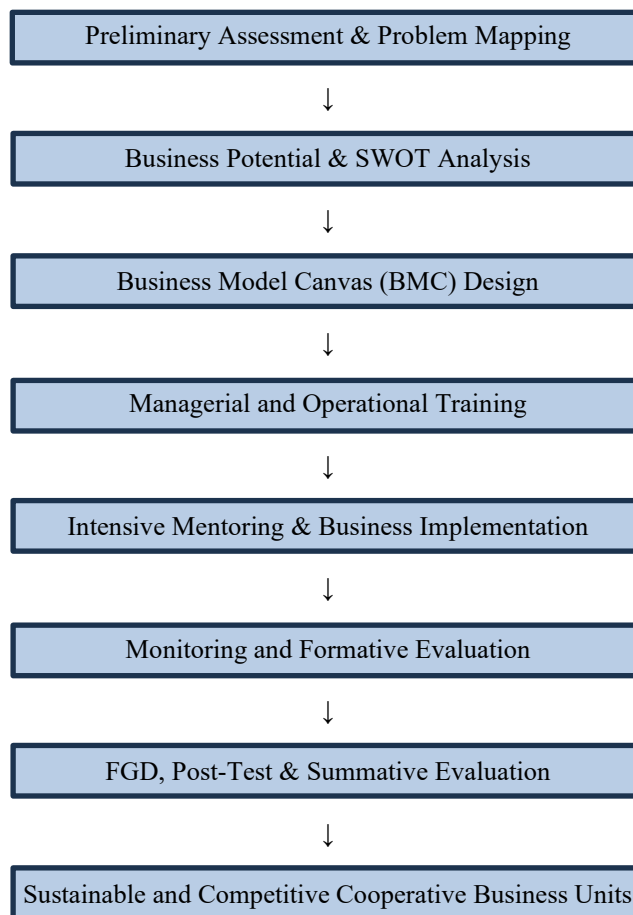


Diagram 1. methodological framework

Through this comprehensive and measurable methodological approach, the program is expected to create sustainable impacts on strengthening cooperative governance and improving MSME competitiveness in rural areas [1]. The integration of participatory empowerment, structured business modeling, practical training, continuous mentoring, and evidence-based evaluation provides a more adaptive and sustainable model for village cooperative development and local economic empowerment.

3. Result and Discussion

The implementation of community service activities in Hargosari Village, Sine District, Ngawi Regency, demonstrated an increase in the capacity of the managers of the Merah Putih Village Cooperative and MSMEs in understanding and developing more structured business units. In the initial phase, identification results indicated that

the cooperative's business units lacked a clear business plan and were still limited to conventional business activities that were not integrated with market needs. This situation aligns with findings that many MSMEs and cooperatives at the local level still face limitations in managerial and business planning aspects [1].

Through the business unit design activities, partners were introduced to the Business Model Canvas (BMC) approach as a tool for mapping and designing comprehensive business models. The mentoring results indicated that partners were able to identify key components of the business model, such as customer segments, value propositions, and revenue sources. This approach helped partners understand the interrelationships between business elements and thus develop more targeted business strategies [4].

Furthermore, the training and mentoring activities had a positive impact on improving partners' managerial and operational capacity. Cooperative managers are beginning to develop simple business plans, manage operational activities more systematically, and improve coordination among members. This demonstrates that ongoing mentoring can enhance the competence and independence of business actors in managing business units [5].

From an implementation perspective, the establishment of more structured cooperative business units is one of the main achievements of this activity. The developed business units are beginning to orientate themselves towards local market needs and the potential resources of the village. Furthermore, MSMEs within the cooperative are also beginning to capitalize on opportunities for collaboration in product marketing and distribution, thereby increasing business efficiency and reach.

However, several obstacles remain, including limited experience in business management, suboptimal financial record keeping, and the need for improved product innovation and marketing strategies. This situation demonstrates that the process of developing cooperative business units requires ongoing mentoring to achieve optimal growth. According to Chaffey and Ellis-Chadwick (2019), successful business development is determined not only by planning but also by the ability to adapt to market and technological changes.

Overall, this community service activity has had a positive impact on increasing the capacity of cooperatives and MSMEs in designing and managing business units. These results reinforce that a participatory approach and intensive mentoring are effective strategies in empowering cooperative-based community economies [8].

4. Conclusion

The community service activity conducted in Hargosari Village, Sine District, Ngawi Regency demonstrated significant improvements in the managerial and operational capacity of the Merah Putih Village Cooperative management and MSME actors after the implementation of business unit design and mentoring programs. The integration of participatory empowerment, Business Model Canvas (BMC)-based planning, and continuous mentoring successfully strengthened participants' understanding of business management concepts and encouraged the development of more structured, market-oriented, and

sustainable business units. The results indicate that the empowerment model applied in this activity was effective in improving both institutional readiness and the entrepreneurial capacity of community-based business actors.

The evaluation findings showed that participants experienced substantial improvement in their understanding of business planning, cooperative governance, marketing strategies, and operational management after participating in the training and mentoring sessions. Before the implementation of the program, most cooperative managers and MSME actors still relied on conventional business practices and had limited knowledge regarding structured business management systems. After the intervention, participants demonstrated better ability to identify business opportunities, formulate strategic business plans, and manage business operations in a more organized manner. This improvement reflects the effectiveness of participatory and practice-based learning approaches in strengthening community economic competencies.

In the aspect of business model development, participants became more capable of preparing structured and systematic business plans through the application of the Business Model Canvas (BMC). The mentoring process enabled cooperative managers and MSME actors to better understand important business components such as customer segmentation, value propositions, partnership development, distribution channels, operational resources, and revenue management. Participants also showed greater awareness of the importance of aligning business strategies with market needs and local economic potential. As a result, the developed business units became more focused, realistic, and adaptable to changing market conditions.

The activity also contributed to strengthening the managerial and administrative capacities of cooperative members and MSMEs. Participants demonstrated increased ability in preparing business administration documents, organizing financial records, managing product inventories, and planning operational activities more systematically. The implementation of more structured administrative practices helped participants improve accountability and efficiency in managing their business activities. In addition, several MSME actors began adopting more organized product management and pricing strategies, which contributed to improving the professionalism of their businesses.

From the marketing perspective, the program successfully encouraged participants to develop more market-oriented business approaches. Through training and mentoring activities, participants gained a better understanding of consumer behavior, product positioning, branding strategies, and promotional techniques. MSME actors became more confident in promoting their products through both conventional and digital channels. The introduction of digital marketing practices also encouraged participants to explore broader market opportunities and improve communication with customers beyond their immediate local environment.

Another important outcome of the activity was the strengthening of collaboration and collective participation among cooperative members. The participatory process created opportunities for discussion, knowledge exchange, and collaborative problem-solving among participants. This

collaborative atmosphere encouraged the emergence of collective business initiatives and strengthened the sense of shared responsibility in developing cooperative-based economic activities. The formation of more organized and productive business unit plans reflects the growing institutional capacity and collective commitment of participants toward sustainable local economic development.

The participatory approach applied throughout the activity became one of the key factors supporting program success. Unlike conventional top-down training models, this approach actively involved participants in identifying challenges, formulating business strategies, and evaluating implementation outcomes. Such involvement increased participants' sense of ownership over the program and encouraged stronger motivation to independently continue the business development initiatives after the activity was completed. Continuous mentoring further strengthened participants' confidence in implementing business management practices and adapting to changing market demands.

Despite the positive outcomes, several challenges remained during the implementation process. Some participants still experienced limitations in applying advanced business planning concepts, maintaining administrative consistency, and optimizing digital marketing strategies. Differences in educational background, digital literacy levels, and access to technological resources also influenced the pace of participant adaptation during the mentoring process. In addition, limited business capital and infrastructure support remained important factors affecting the sustainability and scalability of several business units.

To maintain the sustainability of the activity results, further mentoring programs are needed, particularly those focusing on strengthening business model implementation, increasing product innovation, improving branding and packaging quality, and developing adaptive marketing strategies. Sustainable assistance is essential to ensure that cooperative managers and MSME actors are able to consistently apply the knowledge and skills gained during the program. Long-term mentoring can also help participants overcome operational challenges and improve business resilience in increasingly competitive markets.

Support from local governments and other stakeholders is also highly important in strengthening village cooperative development and MSME empowerment programs. Such support may include advanced business training, facilitation of capital access, strengthening of digital and business infrastructure, product legality assistance, and expansion of market networks. Collaboration between cooperatives, educational institutions, financial institutions, and government agencies can create a stronger local economic ecosystem and accelerate community-based economic development.

Practically, this activity contributes to the development of a cooperative-based MSME empowerment model that can be replicated in other rural areas with similar characteristics. The integration of participatory empowerment, structured business planning using the Business Model Canvas, and continuous mentoring offers a more adaptive and sustainable approach for strengthening local economic

institutions. Academically, the findings reinforce the view that participatory approaches and continuous mentoring are effective strategies for improving community economic independence, strengthening cooperative governance, and supporting sustainable village-based business development.

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