



## Group Decisions, Between Competitive Motives and Knowledge Sharing (A Study on SME Groups in Malang District)

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**Abstract:** *This research was conducted on UMKM groups established based on program instrumentation in the form of community development. The focus of this research is on the dynamics and processes that involve groups as strategic alliances between knowledge sharing and competitive motives. This research uses a qualitative approach with a case study method. Data was collected through in-depth interviews and focus group discussions. Identification of research informants was done by snowball sampling through key informants of group leaders and former group mentors. Triangulation of sources and methods was used to ensure the validity of the data. Field data will be collected, classified, reduced, and then interpreted according to the Miles and Huberman method. The group will be able to work and evolve if there is a reciprocal process of interests among its members, such as sharing knowledge. Between competitive motives and the process of sharing knowledge will potentially negate each other in group dynamics. Therefore, this dynamic requires factors that can ensure a balance between the two. How to keep competitive motives at a healthy competitive level and, on the other hand, not interfere with the process of sharing knowledge, which is one of the indicators that the group is working and developing.*

**Keywords:** *Group Decisions, Competitive Motives, Knowledge Sharing*

### 1. INTRODUCTION

MSMEs are important for the Indonesian economy. This sector is the main driver of Indonesia's economy because it is large and widely distributed. (Tambunan, 2011b). (Irijayanti & Azis, 2012) found that MSMEs in Indonesia still face obstacles, including access to finance, efficiency, raw materials, managerial skills, and competition. Many MSMEs also struggle to grow (Masrifah et al., 2019).

MSMEs in Indonesia have developed in many ways over time. The training for MSMEs uses a policy approach to improve human resources, capital, and facilities and build business networks. Many programs use an institutional approach where the target MSMEs are grouped to facilitate intervention (Marlinah, 2020; Rachmawati, 2020; Sedyastuti, 2018; Tambunan, 2011b). The group training model for MSMEs adopts a community development approach, which is used to empower communities.

Community development is an approach to empowering communities through capacity building, where one element of the intervention is the institutionalisation or organisation of the community (Sherwood, 1999). Community development has contributed to various development goals of human welfare through community mobilisation and

organisation (Green, 2016), (Zautra et al., 2008). Several poverty reduction and MSME empowerment programmes adopt a community development approach, such as the National Programme for Community Empowerment (PNPM), Joint Business Group Development (KUBE), Strengthening Access to Capital through the Establishment of Women's Cooperatives (KOPWAN) and various private sector initiatives through Corporate Social Responsibility (CSR).

Several studies have demonstrated the effectiveness of community organizing programs. The success of a program is typically measured by the achievement of specific outcome indicators and the capacity of the community institutions that are formed to support the overall effectiveness of the program. This is manifested in the PNPM program, where community institutions, serving as program instruments, have demonstrated administrative efficacy in supporting the implementation of the program. (Asmorowati, 2011; Effendy, 2015; Nengsih et al., 2015). However, the existence of these established institutions or groups is limited to their role as programme instruments and is dependent on the completion of the programme. The establishment of joint business groups (KUBE) by the Ministry of Social Affairs through the PKH program can effectively support the administrative process of distributing government support to the microenterprise sector. However, it is less effective at the level of sustainability (Sitepu, 2016), with many programs experiencing stalling (Chess Wulan et al., 2019). Meanwhile, some successful programs have identified the causes, including coaching intensity, leadership, and group cohesion (Tampubolon et al., 2006). In line with these programs, the establishment of women's cooperatives (KOPWAN) with institutionalization and capital instruments from the government has resulted in the formation of approximately 37,238 cooperatives, as evidenced by data from the Dinas Koperasi dan UMKM Provinsi Jawa Timur (2023). However, it is notable that approximately 22,979 of these cooperatives are currently inactive.

Despite the existence of numerous examples of failures in the implementation of group-based MSME empowerment programs, some research evidence indicates that MSMEs that are able to enhance their performance are those that are capable of establishing strategic alliances with external partners (Talebi et al., 2015). As suggested by Street and Cameron (2007a), MSMEs may benefit from forming groups or alliances to facilitate their

development, enhance sustainability, and promote business growth. The benefits of such alliances include the ability of small firms to avoid the burden of bearing the costs associated with the adoption of new technologies, the identification of new markets, the training of skilled workers, and the raising of capital (Díaz et al., 2011). The recent research on grouping motives indicates that the decision to form an alliance or group is based on four key factors: the extent to which benefits are obtained by MSME actors, the characteristics of cooperation within the group, the compatibility of goals among group members, and the impact of differences within the alliance or group (O'Dwyer & Gilmore, 2018). Additionally, the potential ownership of knowledge held by each member must be considered (Díaz et al., 2011).

In accordance with the findings of these studies, MSME actors will typically consider both the positive and negative impacts when making decisions regarding the formation of groups or alliances. The decision to form an alliance or group is typically approached with a comprehensive analysis, taking into account various considerations, including risk and competitive rivalry (Van Gils & Zwart, 2009). In groups of MSMEs in the same industry, the challenge is to reduce the competitive motives of the other members and to identify opportunities for knowledge sharing among the members. These two factors are in conflict with one another. The study of the dynamics of these two factors becomes more interesting in the context of MSME empowerment models in Indonesia, where grouping is formally used as a program tool and is more of a mobilization without prior development of awareness of the importance of grouping.

This study was conducted on micro, small, and medium-sized enterprise (MSME) groups established through the implementation of program instruments in Malang District. The groups are as follows: The Harapan Sejahtera Tape Business Group located in Ngajum Subdistrict. The group has been the beneficiary of program interventions since 2021, and all such interventions have been completed. Based on preliminary observations, the group exhibits distinct dynamic characteristics with regard to the mentoring process, group formation, and sustainability. The objective of this research is to examine the dynamics and processes within the group, including the group as a strategic alliance between knowledge sharing and competitive motives. The research questions that have been formulated are as

follows: To what extent can the group serve as a strategic alliance tool for its members in a business context? Furthermore, what are the dynamics between competitive motives and knowledge sharing in groups?

## **2. LITERATURE REVIEW**

### **Alliance and clustering**

An alliance is defined as a formal or informal cooperation agreement between similar MSMEs or other parties, such as large companies, universities or organisations, to achieve long-term benefits. In the dynamics of intense business competition, MSMEs overcome their limitations through collective efficiencies, namely: inter-firm cooperation, government and private collaboration, and efforts to obtain public policy support (Díaz et al., 2011). Alliances are a form of business management designed to improve the competitiveness of firms in an ever-changing, dynamic and diverse environment (Hoffmann & Schlosser, 2001), enabling them to compete with other larger firms through increased capacity in the alliance or group (Franco & Haase, 2015). Recent research reports that group affiliated MSMEs tend to perform better than unaffiliated ones (Shin et al., 2022a).

Several studies have found different motives aimed at increasing knowledge capacity, technology sharing, product innovation development and market knowledge or experience. The focus of research is more on the characteristics of business actors when considering alliances in different industries (Van Gils & Zwart, 2009). Business alliances can also be used as an approach for learning interventions and organisational development of SMEs for sustainability (Gray & Jones, 2016). The existence of business alliances or groups will create a sense of togetherness in terms of identity, values and goals to survive in business through the process of learning together. (Schein, 2010). Recent research shows that MSMEs that are part of a group tend to perform better than those that are not. (Shin et al., 2022).

### **Knowledge sharing**

Knowledge sharing is a knowledge exchange activity involving information, skills and expertise between individuals, work partners or communities both within and between organisations. (Serban & Luan, 2002). Knowledge sharing will bridge individual knowledge

with the organisation and improve the transformation process for the company's competitive advantage (Ipe, 2003). Knowledge sharing is part of the knowledge management process. (Dalkir, 2005) and involves the desire as a collaborator of knowledge from one individual to another in the organisation. (Gibbert & Krause, 2002) However, there is often a reluctance to engage with diverse knowledge sources among the individuals within an organization (Ciborra & Patriotta, 1998).

Research on knowledge sharing is widely associated with innovation, where organisational innovation is significantly supported by the process of knowledge sharing among its members (Castaneda & Cuellar, 2020), (Muhammed & Zaim, 2020), (Azeem et al., 2021), and ultimately also has an impact on job performance (Swanson et al., 2020) and organisational performance (Singh et al., 2021). The formation of knowledge-based organizational alliances is contingent upon the promotion of external knowledge acquisition and the internal knowledge creation (Ikhwan et al., 2022). External knowledge is related to the ability to manage customers and stakeholders and deal with competitors, which is beneficial for overcoming limited organisational resources. (Donbesuur et al., 2022). Internally, knowledge can be created through alliances within the organisation where individuals use the knowledge of other members to create innovation. (Khamseh et al., 2017)

At least the process of knowledge sharing is influenced by several components, namely: organisational culture, trust, incentives and technology (Cabrera & Cabrera, 2002). While the dimensions of organisational culture that are prerequisites for knowledge sharing are: communication and coordination, trust, support from top management, the existence of a reward system and openness (Dalkir, 2005). In the context of communication, research findings (Titi Amayah, 2013) indicate that it is very difficult to build knowledge sharing in organisations that are centralised and tend to be bureaucratic. On the other hand, in a more decentralised structure, the process of diverse knowledge is more likely to occur.

### **Group dynamics**

Group dynamics is an area of behavioural science that can explain how processes and interactions take place in a group. The concept of the group itself was definitively developed by Theodore Mills in 1967, who emphasised that interactions between groups are based on clear psychological relationships. Mills' concept later evolved into the concept of

organisation, in which there are norms, interaction processes and task sharing. The next group thinker was Kerlinger in 1964, who introduced the term group dynamics to explain how interactions and interdependencies occur between individuals in groups. Many studies of groups and organisations have resulted in several concepts of groups and organisations. Some important keywords are: emphasis on communication and interdependence and shared goals. However, most agree that groups are formed when individuals are connected in some kind of relationship. (Forsyth, 2014).

### **Competition in groups**

A description of various concepts of groups and the importance of groups has been described earlier. Many studies have highlighted the benefits of group alliances and affiliations in creating innovation and competitive advantage. However, groups are inevitably prone to differences of interest that lead to conflict within the group. A conflict that has the potential to occur in organisations is a conflict of interest, where this conflict is caused by different interests between individuals or between groups. (Jafari Nia et al, 2023).

Every business unit must have an orientation to excel in competition. Competitive advantage has become the main orientation in business growth today. The focus of companies in building competitive advantage is through innovation and market orientation (Harjadi et al., 2020), while knowledge management variables are also an important part of it (Azeem et al., 2021; Ikhwan et al., 2022; Purba et al., 2022). The dilemma is how to unite the competitive advantage orientation in the collaboration of common interests within the group, where there are common interests at different levels of existential importance. Each group member will try to maintain its own existence in the interest of competitive advantage. So how can groups collaborate, including building knowledge sharing among each other?

### **3. METHODS**

This research uses a qualitative approach to provide an in-depth picture of the research focus. The method used is a case study. This research uses a group of MSMEs in Malang Regency formed through the intervention of CSR programmes. The location of this research is the Harapan Sejahtera Tape Business Group of Banjarsari Village, Ngajum District, Malang Regency. The reason for choosing this site is the existence of the group,

which is still maintained after the programme intervention. This group is supported by the Baitul Maal BRILiaN Foundation (YBM BRILiaN), a national Amil Zakat institution under the management of Bank Rakyat Indonesia (BRI). As a zakat institution, YBM manages and distributes zakat, infaq and alms from BRI employees and the general public for empowerment programmes. One of YBM's flagship empowerment programmes is economic empowerment, which includes: business capital assistance, mentoring and entrepreneurship training to enable the poor to become self-reliant.

The data collection method used was in-depth interviews combined with focus group discussions. The identification of research informants was done by snowballing through key informants who were first selected, in this case the group leader and the former group facilitator. Source and method triangulation was used to ensure validity. Source triangulation is done by contacting as many research informants as possible until the data is saturated. Meanwhile, the triangulation method is a combination of in-depth interviews and FGDs. Field data are collected, classified, reduced and then interpreted. The data analysis model is that proposed by Miles and Huberman. (Miles & Huberman, 1994)

#### **4. RESULTS**

Banjarsari village in Ngajum sub-district has long been known as a *tape* centre. There is no clear information on how long the Banjarsari people have been engaged in the *tape* business, but according to the head of the *tape* group, the *tape* business started in the 1960s. This fact was confirmed during the FGD at the group meeting. To date, there are about 180 active *tape* business owners. However, there is no official record of the history of the *tape* centre in Banjarsari village, and the current generation of entrepreneurs does not know the exact history of the establishment of the *tape* centre. The current generation of entrepreneurs recognises the extent to which their grandparents made and sold *tape* in their generation and passed it on to the current generation.

The implementation strategy of YBM's economic empowerment programme is group-based. Target communities that meet the qualifications and criteria of the programme are gathered and grouped together to facilitate coaching and programme management. The group design built by the YBM programme is a homogeneous group in several aspects, such

as socio-cultural aspects by setting the requirements of being Muslim, economic aspects where group members fall into the category of *fakir* and poor who have the same productive business. The same business ownership of all group members indicates that the target empowerment site must be an existing business centre. Homogeneity is to ensure cooperation and interaction within the group, while the productive business requirement is to ensure the sustainability of the group.

Grouping is based on ease of administration and programme management. For this reason, the procedure for identifying target objects requires the existence of potential groups in a village area. This means that the programme will focus on villages where there are business centres with a large number of actors and which tend to be homogeneous in terms of business type. The potential existence of previous group embryos is also an important consideration in the decision to identify the target group.

The Embryo group in Banjarsari village existed before the intervention of the YBM programme. Initially it was an informal group with no regular meeting schedule and no group bond. Then there was an initiative by the group leader to legalise the existence of the group through a resolution of the village government. The purpose of legalisation is to facilitate access to various programmes or support from the government. The motive for the group was initially the need to face the same problems related to the scarcity of manioc as the main raw material for production. The daily demand for manioc raw material is certainly very high to meet the needs of about 180 *banda* entrepreneurs. This situation allows for competition for raw materials. This competition will potentially lead to control of raw materials by very strong suppliers and can be detrimental to entrepreneurs in terms of price and quality of raw materials.

Based on interviews with group leaders, it was found that there is an awareness of grouping in dealing with cassava raw material suppliers. Through the group, it is hoped that the entrepreneurs will have a stronger bargaining position when dealing with suppliers, also so that other group members can meet each other's raw material needs when raw materials are scarce. One of the motives that emerges is that of assistance. The existence of the YBM programme, which offers help to the group, is one of the strong attractions for members to join the group. This was evident from the responses of several members during the FGD.



The existence of the YBM programme strengthens the attachment and commitment of the members to join and remain part of the group.

Group members initially seemed to have difficulty in recruiting new members, but once the group was established and supported by YBM, the willingness to join increased. This shows the potential of groups as a tool for strengthening business alliances, especially when supported by external interventions such as assistance or mentoring. Nevertheless, there is evidence that participation in groups is sometimes based on the motivation to get help rather than the spirit of business collaboration.

Awareness of the same problems faced by each individual is the impetus for grouping. The problem of raw material difficulties, which is a problem for the majority of group members, is a motive for forming alliances in groups in order to solve them together. There is also a desire to reduce competition between members, particularly in marketing, through the division of product marketing areas, which is agreed and documented within the group. Efforts are still being made to reach agreement on product sales prices. This is still difficult, as it is linked to the cost of the goods produced, which varies between companies due to various problems in obtaining raw materials.

### **Dynamics between competition and knowledge sharing**

Each member has a business with its own management and administration, from the supply of raw materials to the production process and marketing activities. Each member tries to build its own existence. The group tries to agree on several things that can be done together and with each other. Group cooperation takes place in relation to dealing with problems of raw materials, which are sometimes difficult to obtain at certain times. In relation to marketing strategies, each member has their own strategy, which is different from each other.

Communication between members relating to business processes takes place within the Group but is not binding. Formal and informal meetings are held to exchange information on various business management issues. The group also facilitates access to knowledge and skills for its members through training opportunities offered by various parties, both government and other institutions.

High awareness of sharing is the group's main asset in reducing unhealthy competition between members. Sharing raw materials is one way of maintaining the existence of each other's businesses, although in business logic, access to raw materials is one of the advantages that group members can use to win business competition.

Marketing is one of the activities that is an area of competition between group members, particularly with regard to setting sales prices, which vary between members. If there is a dispute between members, it will be communicated directly.

Although group members often compete on marketing and pricing, they still maintain good relationships and help each other when needed. This shows that there is a complex dynamic between competitive motives and the desire to share knowledge. For example, some group members shared marketing strategies to increase sales, while maintaining healthy competition on price and product quality.

The process of sharing knowledge in groups is not always well received by members. In some cases, there are group members who find it difficult to share knowledge effectively, especially in relation to more modern marketing strategies such as online sales. This suggests a gap in the ability and willingness to share knowledge, which can be a barrier to the overall success of the group.

The ability of each member to manage a business varies. This may be influenced by the social background, including education, of each member. Therefore, the process of knowledge sharing may not be smooth. This means that new information and knowledge shared by other members, including external parties, are not always implemented by the members. This is also related to individualised business management patterns, which means that any knowledge sharing that is achieved is not necessarily in line with the business patterns of each member. The dominant personal business culture of group members is often a barrier to effective group collaboration. Despite efforts to form a more solid group, the culture of individualism remains a challenge.

The problem of different business patterns of each member is an obstacle to unifying markets and prices to reduce unfair competition between members. There is still a need for consolidation among members through facilitation and mentoring processes to communicate these differences. The group runs a communication process between members

so that such issues do not disrupt the stability and cohesion of the group. To date, there has been no escalation of conflict caused by these issues. Each member temporarily understands that marketing strategy and management is the individual domain of each group member and has not become a collaborative space within the group.

### **Potential Group Sustainability**

The design of mentoring through the YBM program expects groups to be permanent and sustainable. From various evaluations of different groups, it appears that not all groups survive when the mentoring program is over. Individually, the business activities continue and exist, but not always for the group. This is stated by the facilitator that a longer mentoring process is needed to keep the group sustainable.

The business group of Banjarsari village still survives and continues its activities, because there are innovations in the implementation of the program, where the support funds that should be distributed to all members are partially set aside as a common asset. The common asset is in the form of a shop that serves the needs of the group members, which are not limited to production needs, but also for daily needs outside of business needs. Meanwhile, as the group learned that various program interventions tend to use a group approach, members began to realize the importance of maintaining the group to access other programs.

The problem of the difficulty of raw materials dominated by middlemen encourages the desire to expand the group members and accommodate all business actors in Banjarsari village. The interest in improving the bargaining position of the business actors vis-à-vis the middlemen is the motive for building a larger group.

The potential for group sustainability can be seen from the time of assistance, especially in relation to the characteristics of the group and the members who join it. The enthusiasm and activity of group members will be an indicator of the potential for sustainability. In the case of the Banjarsari village group, the commitment and activities of its members exceeded the SOPs required by the program. The group held regular meetings twice a month, while the program only required one meeting per month. The presence of members, still dominated by young and energetic members, also affects the performance of the group. The potential for group sustainability and performance is also determined by the

ownership of network access. The group leader in Banjarsari village is an activist in the village who holds the position of RT leader and is heavily involved in community activities in the village.

Groups are mentored through the YBM program for one year. During the coaching period, the group receives equipment assistance, working capital and coaching. The group is also required to carry out the SOPs set by the program during the coaching period. At the end of the program, the program exit strategy is through a mechanism that delegates the authority of coaching to a person from the group who is considered capable of being the driving force of the group. This means that during the mentoring phase, the mentor simultaneously identifies and prepares the driving force who will receive the delegation of authority in leading the group so that it is sustainable.

From the interview with the YBM mentor, it is clear that the success of the group is highly dependent on the presence of local leaders (local heroes) who have extensive networks and a high capacity for innovation. Without the presence of a strong leader, the group risks becoming inactive after the mentoring program ends. The business groups in Banjarsari village have several characters or local heroes who are able to oversee the sustainability and existence of the group. Some of these figures have different characters and, of course, different roles in the group. In the case of Banjarsari, the group has a figure who takes care of its members and has a wide network. The group also has a figurehead who is the glue between the members and is able to nurture the members. Another important thing that can ensure that the group in Banjarsari village still exists is the formation of a strong group culture.

## **5. DISCUSSION**

The coaching model for micro MSMEs requires a different approach than for small and medium enterprises. Micro enterprises are characterized by individual ownership and subsistence businesses. Micro-enterprises are limited in the scale of their business, both in terms of capital and production volume. The most appropriate coaching approach for micro enterprises is intensive and personalized coaching. (Tambunan, 2008). Coaching in the form of empowerment is aimed at creating economic stability and enhancing individual

capacity (Street & Cameron, 2007b). Coaching activities that can be designed through: technical training, micro-capital assistance, access to raw materials, financial management and simple marketing. (Honig, 2016).

The Banjarsari Village Tape Business Group consists of micro-entrepreneurs. Through the YBM program, the group receives coaching as well as capital support for each of its members. The coaching pattern implemented by YBM is group-based to facilitate the administrative process as well as the design of group-based and sustainable business empowerment.

### **Motives for clustering**

Micro enterprises have many constraints, including limited capital, technology and access to marketing. These limitations make it easy for them to accept different support program schemes from different parties, and they tend to be willing to follow all program mechanisms and instruments. The YBM program scheme is easily accepted by the tape entrepreneurs in Banjarsari village because it promises working capital assistance as well as financial and business management guidance, which is the main obstacle for the business actors so far. The motive of material and functional benefits is the basis of this behavior as stated in the theory of utilitarianism developed by Bentham. (Crimmins, 1996). The impetus for grouping business actors is the hope of gaining profits and benefits. The grouping scheme required by YBM is also easy to implement in Banjarsari village because there is already an embryonic group. The existence of external institutions that facilitate coaching with support will motivate MSMEs to group together to access resources that are shared collectively. (Anatan, 2023; Tambunan, 2019)

The main motive for the formation of the Banjarsari village was the collective need to overcome the problem of scarcity of raw materials. Groups are often faced with scarcity of raw materials and price bargaining by suppliers. The existence of the group is expected to improve the group's bargaining position with suppliers and to find a common solution to overcome the scarcity of raw materials. By forming a group, it is expected that there will be an agreement on a fair and uniform price among the entrepreneurs in the village, thus reducing the dependence on outside parties, in this case suppliers. (Dasaraju & Tambunan, 2023); (Adam & Alarifi, 2021). Groups are expected to be a medium of cooperation to

overcome resource constraints, so that the existence of groups can also create collective efficiency, especially in formulating decisions on collective problems. Small groups in a strong network of trust will be able to make decisions appropriately and efficiently. (Hamada et al., 2020)

### **The Role of Groups as a Strategic Alliance Tool in Business**

According to (Ferreira et al., 2022), a strategic alliance is a cooperation between two or more organizations to achieve mutually beneficial goals without merger or full ownership. In the context of this research, the Harapan Sejahtera Tape Group acts as a medium for business strategic alliances that allow group members to work together to overcome raw material and marketing problems. The group does not unify its business management, the alliance built is more focused on fulfilling raw materials, while the production and marketing processes of each member have their own existence. The alliance process built by the group can be further developed for various purposes, such as reducing the burden of investment, access to new technology, market alliances and raising capital. (Díaz et al., 2011); (Street & Cameron, 2007a) Market alliances are initiated by the group through the division of marketing areas of the group members. Meanwhile, access to technology and increased capital is obtained through the group's attachment to YBM's program facilitation.

Although the objectives of the strategic alliance have not been fully achieved, the existence of the group has stimulated interest in joining from business actors outside the group. The performance of the group has been an attraction for non-members to join, especially in terms of opportunities to obtain capital and equipment support. The large number of group members will increase the strength of the alliance for the group in facing challenges from its stakeholders, such as raw material suppliers, that the group has experienced so far. However, one thing that must be anticipated as the number of group members increases is the challenge of building members' commitment to the group, including the group's decision-making processes. The effectiveness of appropriate and efficient decision making requires a small group size with a strong network of trust (Hamada et al., 2020).

The Group's consensus to limit alliances to the level of meeting raw material needs is the right choice at the current stage of the Group's growth. Several other alliance initiations related to market security through price unification are still difficult to realize if the raw material problem is not solved. The program facilitation scheme, which builds the commitment to set aside aid assets into joint assets, has an impact on the sustainability of group attachment to maintain the level of alliance and strategies for increasing group alliances.

#### Dynamics between competitive motives and knowledge sharing

Groups that have homogeneous characteristics, especially in the same type of business, will face potential problems in the process of interaction within the group. On the one hand, group members have their own interests in maintaining the sustainability of their business. The diversity of interests in the group will potentially become an obstacle in the process of creating a business alliance, and even potentially lead to internal conflict within the group. (Forsyth, 2014). Groups can minimize the potential for conflict and competitive dominance through efforts to build cohesion within the group. The existence of cohesion in the group will encourage members to tend to collaborate and share knowledge within the group. (Jaswal & Yadav, 2023); (Gehrisch & Süß, 2023).

As part of the coaching program, groups are required to hold formal meetings to receive facilitation and discuss issues facing the group, including the development of common norms. The sharing of knowledge takes place in the context of dealing with raw material issues and marketing strategies. While the agreed norms are related to the agreement on the marketing area when price unification cannot be agreed upon by all group members. Cohesion in the group also occurs because members are accustomed to coming together when the group is still in its embryo, and is strengthened by a member selection mechanism based on the potential open character and spirit of each member. The existence of cohesion, norms and a culture of open communication has been able to balance the common orientation with the existence of each member.

This study found that group members regularly share information about business management, raw material issues, and production techniques. For example, interviews revealed that raw material quality is often discussed at group meetings. On the other hand,

each member also has a different marketing strategy, and there is no collective effort to agree on a uniform selling price. This suggests a dualism between the motive to share and the motive to compete. Nevertheless, the various group mechanisms that have been put in place and the social potential that they have created encourage the group to continue to exist today. This potential is a strength that groups can use to survive and perform better, as current research shows that grouped MSMEs tend to perform better than those that are not grouped. (Shin et al., 2022b)

### **Group Sustainability Potential**

The group is still in existence after two years of support. The system that was in place during the mentoring phase is still in place, such as regular group meetings, membership fees, and the sustainability of the business assets that continue to grow. The sustainability of the group depends on several factors, such as the intensity of YBM's support, the existence of shared assets, and the active participation of the group members. YBM's one-year mentoring program provided important seed capital for the group to continue after the program ended. One of the sustainability strategies adopted by the group is the establishment of shared assets in the form of a group shop that provides production needs such as raw materials and equipment.

In recognition of the group's consistency in implementing the program, in 2024 YBM again supported business expansion incentives through equipment support for shared business lines. The existence of good social interactions among group members, the existence of norms that are agreed upon and consistently implemented, and the high level of trust among members are strong capital for the group's survival. According to (Khedir, 2020), this phenomenon is in line with the social capital theory developed by Putnam, where the higher the level of social capital in the group, the greater the possibility of the group to survive in the long run. Collective trust and support will encourage members to share resources, including knowledge and information, and work together to achieve goals.

The sustainability of the group is also highly dependent on the willingness of members to continue to innovate and seek new opportunities. One example of innovation that emerged from this research is the efforts of group members to market tape products online, although not all members have sufficient capacity to utilize this technology.



## Leadership and local heroes

The presence of key individuals in the group who act as group mobilizers and facilitators is very important in achieving group sustainability. For the duration of the program, the group will receive support and facilitation from the program so that the group's performance can be maintained in accordance with the program design. However, when the mentoring program ends, the rhythm of the group's performance will depend on its members. The results of this study show that the group has group mobilizers in their respective roles, both internally and externally to the group. The group leader, as the representative of the group, must be able to build external acceleration in terms of information networks and partnerships, including access to programs. The presence of a group leader with a social and community activist background will be able to strengthen the group's network, including the ability to build further program access. Internally, the group must also have individuals who are able to act as a bridge in interactions between members and who are able to stand above them all.

The emergence of local hero figures in the group is highly dependent on the recruitment process of members at the beginning of the group's formation. These initial figures are those who are willing to be the initiators of group formation and can be accepted by all members. These local hero roles need to be nurtured and developed during the mentoring process of the program. At the end of the program, there should be a plan or design for the transition of facilitation and mentoring roles to these local heroes.

The concept of local heroes in the context of group empowerment refers to individuals who have the ability to motivate and mobilize other group members. They often have a high sense of social responsibility, innovation skills, and the ability to build and maintain extensive networks. (Schein, 2010). In this study, the group leader acted not only as a formal leader, but also as a liaison between the group and external parties, such as the government and aid agencies. There are also figures whose role is to maintain cohesion and trust among group members. This can be seen in the dynamics between members of the group, which can be well resolved and the group survives to this day.

## 6. CONCLUSION

This research found that the existence of groups has a strategic role for its members. The group becomes a tool for members to solve various collective problems faced by all members. Group members will unite their interests in various common problems they face and tend to limit them to business problems that are not collective in nature. The existence of collective problems will encourage groups to form alliances to deal with them. Group development requires a common problem to create interaction and cohesion within the group. Thus, the design of group development requires the identification of common problems or issues that will be reinforced to bind the interests of the members to the group.

The existence of group members' businesses, which tend to be homogeneous, still has the potential to become a motive for competition that can disrupt or hinder efforts to develop the group and even the group's performance. The group will be able to function and develop if there is a reciprocal process of interests between its members, such as knowledge sharing. Between the competitive motive and the knowledge sharing process will potentially negate each other in group dynamics. Therefore, this dynamic requires factors that can ensure a balance between the two. How the competitive motive remains at a healthy competitive level and on the other hand does not interfere with the knowledge sharing process, which is one of the indicators that the group is working and developing. Unfortunately, the balancing factor comes from the latent potential of the group, such as the values and culture that each individual brings when joining the group. Therefore, this issue must be taken into account when recruiting members. Homogeneous values and culture of the members can potentially balance the dynamics between competitive motives and knowledge sharing motives. The social setting and context of the group is also thought to have the potential to be a counterbalance, although this needs to be further tested through a more comprehensive study.

This research resulted in the formulation of a simple model for maintaining group sustainability over the long term. The findings were formulated into two dimensions of instrumentation to achieve group sustainability, namely program instrumentation and group instrumentation. Program instrumentation is more focused on how the design of group-based coaching programs should be structured, such as program design, mentoring intensity, exit

strategy, and program follow-up. Meanwhile, group instrumentation is related to how the potential and processes in the group are expected to occur and support sustainability. These two dimensions of instrumentation can support the sustainability of the group, which is described as empowered and independent.

The concept of empowerment and independence is formulated as a group condition that has a wide range to strengthen alliances, an increase in common assets managed by the group, the greater the common assets managed, the stronger the attachment of members to the group. Empowerment and independence also manifest themselves in a stronger group bargaining position with stakeholders, for example when the group deals with raw material suppliers. Increased benefits for group members through improved group and individual business performance and ownership of group legality.

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