

Empowering MSMEs to Improve Family Economy

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Article History:

Received: Februari 01, 2024;

Revised: Maret 14, 2024;

Accepted: April 18, 2024;

Published: April 30, 2024;

Keywords: Empowerment; Family Economy; Mentoring; MSMEs; Participatory

Abstract. Empowerment of Micro, Small, and Medium Enterprises (MSMEs) is a crucial strategy for enhancing business capacity and family economic welfare. This community service activity employed a participatory approach and continuous mentoring to actively involve MSME actors in all stages, from planning, training, to evaluation. The results indicate an increase in MSME actors' understanding of proper business management, systematic financial recording, and effective marketing strategies. Additionally, technical skills improved, including the ability to maintain daily cash books, income-expenditure reports, and manage operational costs and business capital. The impact of this activity is reflected in increased income, family economic stability, and enhanced economic independence of MSME actors. These findings highlight that MSME empowerment through a participatory approach and sustained mentoring contributes to family economic improvement, community economic resilience, and inclusive, sustainable local economic development.

1. INTRODUCTION

Family economic development is a crucial component of national development, oriented toward sustainably improving community welfare. A strong family economy serves as the primary foundation for creating social and economic resilience at the local level. One sector that plays a strategic role in supporting the family economy is Micro, Small, and Medium Enterprises (MSMEs). MSMEs serve not only as a source of family income but also as a means of job creation and a driver of the local economy. Amidst global economic challenges and economic uncertainty, MSMEs serve as a primary support for many families in meeting their daily needs (Suharto, 2018). MSMEs are characterized by flexibility, adaptability, and a focus on local potential. These characteristics make MSMEs a sector that is relatively resilient to economic crises compared to large-scale businesses. According to data from the Ministry of Cooperatives and SMEs, MSMEs contribute significantly to employment and the formation of national gross domestic product. However, despite this strategic role, MSMEs still face various structural problems that hinder business development and increase the family income of MSME owners. These problems include limited capital, low quality human resources, weak business management, and limited access to markets and technology (Tambunan, 2020).

In the context of family economics, the limited capacity of MSMEs directly impacts the income stability and well-being of business owners. Many MSMEs are run traditionally

with simple management, without clear business planning and adequate financial records. This condition makes it difficult for MSME owners to measure business performance, manage cash flow, and make appropriate business decisions. As a result, the potential of MSMEs to improve the family economy cannot be optimally utilized. Therefore, MSME empowerment efforts are crucial as a strategy to increase family economic capacity sustainably (Dwiyanto, 2018). MSME empowerment is understood as a systematic process to improve the abilities, knowledge, and skills of business owners so they can manage their businesses independently and competitively. Empowerment does not only focus on economic aspects, but also on strengthening the social and institutional capacity of MSME owners. According to Chambers (2017), community empowerment must be carried out through a participatory approach that places the community as the primary subject of development. In the context of MSMEs, effective empowerment needs to include improving managerial skills, financial management, marketing, and the use of simple technology.

Universities, as centers of knowledge development, play a strategic role in supporting the empowerment of MSMEs through community service activities. Through knowledge transfer, training, and mentoring, universities can help MSMEs increase their business capacity in a practical and applicable manner. The involvement of universities in MSME empowerment also demonstrates the concrete implementation of the Tri Dharma of Higher Education in supporting community economic development. Sustainable mentoring is expected to bridge the gap between academic theory and business practices in the field (Kolb, 2015). Furthermore, MSME empowerment has direct implications for improving family economics, particularly in terms of increasing income, economic stability, and the quality of life of business owners' families. MSMEs that are managed more professionally and sustainably have the potential to make a greater economic contribution to families. With increased family income, basic needs such as education, health, and housing can be better met. Therefore, MSME empowerment impacts not only the economic aspect but also the overall social welfare of families (Suharto, 2018).

Various studies have shown that well-planned, mentoring-based MSME empowerment programs can improve business performance and the well-being of MSME families. Research by Rahmawati and Subali (2022) demonstrated that business management and financial assistance contribute positively to increasing MSME income. Meanwhile, Tambunan (2020) emphasized that strengthening MSME capacity is key to driving inclusive economic growth. These findings reinforce the urgency of implementing MSME empowerment activities as a strategy to improve family economic well-being. Based on this background, this community

service activity aims to empower MSMEs to improve family economic well-being. This activity is expected to improve MSME knowledge and skills in business management, strengthen family economic independence, and encourage the creation of competitive and sustainable MSMEs at the local level.

2. METHOD

The implementation method for this community service activity uses a participatory and qualitative descriptive approach. The participatory approach was chosen to actively involve MSMEs in all stages of the activity, from planning, implementation, to evaluation. The qualitative descriptive approach was used to in-depth describe the MSME empowerment process and changes in business capacity that occurred after the mentoring activity. The planning stage begins with coordination between the community service team, local officials, and MSMEs to identify the initial conditions of the business, problems faced, and priority needs of MSMEs. The identification results are used as the basis for compiling training and mentoring materials that cover business management, simple financial record keeping, and product marketing strategies.

The implementation phase is carried out through outreach activities, training, and direct mentoring for MSMEs. The training focuses on improving practical skills that can be directly applied in daily business. Intensive mentoring is provided to ensure that MSMEs are able to implement the material provided according to the characteristics of their businesses. The evaluation phase is carried out through observation and reflective discussions with MSMEs. The evaluation focuses on changes in knowledge, skills, and the impact of the activities on increasing income and economic stability for MSME families. The evaluation results are used as material for reflection and improvement for the implementation of similar activities in the future.

3. RESULTS

The implementation of community service demonstrated several significant achievements. First, there was an increase in community knowledge regarding stunting, balanced nutrition, and the practice of providing nutritious food to children under five. Interactive outreach activities enabled mothers and families to understand the relationship between nutritional intake and child growth (Mulyadi & Prasetyo, 2022). Second, training and mentoring activities increased the capacity of integrated health post (Posyandu) cadres and village officials to record child growth, monitor nutritional status, and provide regular

education to families. This strengthened the function of public administration at the village level as the spearhead of the stunting reduction program (Indrawati & Wahyuni, 2022).

Third, the community demonstrated positive responses and active involvement. Mothers and families participated in group discussions, practiced providing nutritious food, and adhered to child growth monitoring schedules. Cross-sector coordination between the community service team, the Health Office, and the village government became more structured, resulting in a clearer and more effective program implementation process. The community service results also demonstrated the use of simple technology for nutrition monitoring, such as recording child growth using spreadsheets and photographing nutritious food documentation, which facilitated regular program evaluation. Overall, the community service successfully built community awareness and public administration capacity, key factors in the success of the stunting reduction program in the target areas.

The results of the activity showed a significant increase in the understanding of Micro, Small, and Medium Enterprises (MSMEs) regarding the importance of orderly business management and systematic financial record-keeping. Prior to the mentoring, most MSMEs tended to manage their businesses informally, with limited or even no record-keeping, often making it difficult to understand their business's financial condition in real time. Through the mentoring process, MSMEs began to realize that planned and structured business management not only simplifies daily operations but also has a direct impact on business growth, increased income, and family well-being. This awareness encouraged MSMEs to be more disciplined in managing their business finances, recording income and expenses regularly, and conducting monthly evaluations of their business performance.

In terms of skills, the mentoring program significantly improved the technical capabilities of MSMEs. They began to be able to compile simple financial records, such as daily cash books, income and expense reports, and basic profit and loss calculations. Furthermore, MSMEs demonstrated improved abilities in managing operational costs more efficiently, analyzing capital requirements, and planning spending strategies to maintain stable cash flow. The mentoring also emphasized the importance of implementing effective marketing strategies, including the use of social media, simple promotions, and managing customer relationships, so that their products and services are better known and in demand in the market. These changes in understanding and improved skills have a significant impact on income stability and family economic resilience. With accurate financial records, MSMEs can make more informed business decisions, identify opportunities for increasing profits, and anticipate

potential risks. This also strengthens the family's ability to manage their economic resources, so that the positive impact of business growth is felt not only by MSMEs but also by all family members.

4. DISCUSSION

The results of this activity indicate that empowering MSMEs through a participatory approach and structured mentoring has proven effective in increasing business capacity and family economic well-being. The participatory approach positions MSME actors as active subjects in the learning process, so they do not merely passively receive information but are also involved in identifying problems, designing solutions, and implementing better business management practices. This aligns with Chambers' (2017) view, which emphasizes the importance of active community involvement in the empowerment process, as direct participation increases a sense of ownership of the program and encourages the sustainability of the changes that occur.

Ongoing mentoring provides opportunities for MSMEs to gradually internalize the knowledge and skills they acquire. Through regular guidance, hands-on practice, and reflective discussions, MSMEs not only learn financial record-keeping techniques, business cost management, and marketing strategies, but also understand the rationale behind each procedure and its impact on overall business management. These findings support the experiential learning theory proposed by Kolb (2015), which states that experiential learning is more effective in developing practical skills and influencing attitudes, enabling MSMEs to apply knowledge independently and consistently within their business contexts.

The increased capacity of MSMEs has a direct impact on income growth and family economic stability. MSMEs are better able to plan expenses, utilize resources efficiently, and optimize marketing strategies, thereby increasing business turnover. This increased income not only provides short-term economic benefits but also strengthens families' resilience to financial risks, such as market fluctuations or sudden needs, thus improving the capacity of families to manage household finances.

Beyond its direct impact on family finances, mentoring activities also foster a culture of orderly and sustainability-oriented business management. MSMEs are now beginning to view financial record-keeping and business planning not as mere obligations, but as strategic tools for professional business development. These skills enable MSMEs to make data-driven decisions, evaluate business performance, and design long-term development strategies, thereby ensuring business sustainability.

Furthermore, this activity demonstrates that empowering MSMEs through structured mentoring can serve as a model for replication in other regions, particularly for strengthening family economies at the local level. By providing a combination of education, hands-on practice, and ongoing consultation, this type of mentoring creates a learning ecosystem that supports comprehensive business capacity building. Universities, governments, and other supporting institutions can leverage this approach to systematically and sustainably strengthen community economies.

Overall, these findings confirm that empowering MSMEs through a participatory approach and consistent mentoring is a crucial strategy for supporting family economic development, reducing economic vulnerability, and strengthening community capacity at the local level. Investments in MSME capacity building not only impact individual business growth but also contribute to broader community economic resilience, creating a solid foundation for inclusive and sustainable economic development.

5. CONCLUSION

Community service activities through the empowerment of Micro, Small, and Medium Enterprises (MSMEs) demonstrate that participatory interventions can increase business capacity and strengthen the family economy of MSME owners. Through the active involvement of MSME owners in every stage of the activity, from planning to mentoring, participants not only gain knowledge and technical business skills but also experience increased self-confidence and motivation in managing and developing their businesses. The participatory approach and ongoing mentoring have proven to be key to the success of the activity in promoting family economic independence.

The results of the activities indicate that increasing the business capacity of MSMEs has a direct impact on strengthening household finances. MSMEs become better able to manage business finances, improve product quality, and expand marketing opportunities. This impact is not only felt individually but also contributes to family economic stability and a gradual increase in well-being. Thus, MSME empowerment can be understood as an effective strategy for strengthening family economic resilience, particularly amidst dynamic economic challenges.

More broadly, MSME empowerment plays a strategic role in supporting local economic development. Empowered and independent MSMEs have the potential to create jobs, drive the economy, and strengthen community-based economic networks. Community service activities

focused on MSMEs also demonstrate the importance of synergy between universities, MSMEs, and local governments in creating a conducive and sustainable business ecosystem.

Going forward, MSME empowerment activities are expected to be implemented sustainably and expanded to a broader scope. Utilizing technology, such as digital marketing, app-based financial recording, and strengthening the digital capacity of MSMEs, are crucial for increasing business competitiveness. With consistent and adaptive support for technological developments, MSME empowerment is expected to generate more optimal economic impact and significantly contribute to improving family welfare and inclusive and sustainable local economic development.

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