

The Role of MSMES In Increasing Community Income

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ABSTRACT

Seiring dengan perkembangan ekonomi yang signifikan, masyarakat dituntut untuk dapat terus eksis dalam siklus kehidupan, sehingga mereka membutuhkan penghasilan tambahan untuk memenuhi kebutuhan hidup. Ketika ekonomi sulit dan peluang kerja semakin sempit, diperlukan pertumbuhan UMKM untuk dapat meningkatkan taraf hidup masyarakat, menciptakan lingkungan bisnis yang mampu mendorong pertumbuhan ekonomi dan meningkatkan pendapatan masyarakat. Dengan pertumbuhan UMKM, diharapkan pendapatan masyarakat juga akan meningkat.

Along with the significant economic development, people are required to be able to continue to exist in living the wheel of life, so they are required to have additional income to be able to meet their living needs, when the economy is difficult and job opportunities are getting narrower, there needs to be growth of MSMEs to be able to improve people's living standards, create a business environment that is able to encourage economic growth to increase people's income, with the growth of MSMEs it is hoped that people's income will also increase.



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INTRODUCTION

The growth of Indonesian MSMEs in 2025 is predicted to continue to be positive, driven by various government policies and the development of digital technology. The number of MSMEs is predicted to reach 66 million business units by May 2025, representing an increase from the previous year. MSMEs are also expected to be the driving force of the Indonesian economy, contributing more than 60% to Gross Domestic Product (GDP)

Here are some key points regarding the growth of Indonesian MSMEs in 2025:

The number of MSMEs in Indonesia is predicted to reach 66 million business units by May 2025, up from 64.2 million business units at the end of 2024. This demonstrates sustainable growth, supported by government policies and growing market potential. The Important Role of MSMEs in the Economy: MSMEs play a significant role in the Indonesian economy, contributing more than 60% to GDP.

The growth of MSMEs is a key factor in driving overall national economic growth. Government Support and Digitalization Trends: The government is increasingly actively supporting MSMEs through various training programs, subsidies, and easier access to financing. Digital transformation is a key trend, encouraging MSMEs to market their products online through various platforms. The use of technologies

such as IoT, AI, and business management applications is also encouraged to improve MSME operational efficiency.

Opportunities and Challenges: There are significant opportunities for MSMEs to grow and upgrade through digitalization, access to financing, training, and global market access. Challenges that need to be addressed include readiness, digital literacy, and adaptability of MSME actors. Collaboration between MSMEs and large corporations is also an important trend to expand market reach and increase competitiveness. **Real Examples of Government Support:** Free nutritious meal programs, construction of affordable housing, and the provision of educational and health facilities are also part of government support for MSMEs, according to GETI Media. The government's procurement budget for goods and services is also allocated for MSMEs. The government provides public spaces for the sale and promotion of MSME products. **Indonesian Creative Works (KKI) 2025:** KKI 2025, organized by Bank Indonesia, is a real example of government support in developing MSMEs to upgrade and be able to penetrate the global market.

KKI 2025 also serves as a promotional platform and market expansion for MSME products, as reported by CNBC Indonesia. Overall, Indonesian MSMEs have significant potential to continue growing and become a key pillar in realizing the vision of Golden Indonesia 2045. However, this success also requires readiness, digital literacy, and adaptability from MSME players, as well as ongoing support from the government and various relevant parties.

METHOD

Problems Faced by Partners

Based on the background description above, the problems faced by Partners are as follows:

1. How can the production process run smoothly and more efficiently?
2. How can we produce high-quality products and create competitiveness to penetrate a wider market.
3. What marketing strategies can be effective in increasing sales?
4. How can the product obtain IPR recognition as a made-in-house product and obtain legal protection for the product.
5. How can we overcome competitors to remain competitive in the business world.

RESULTS AND DISCUSSION

Problem-Solving Solutions

1. MSMEs (Micro, Small, and Medium Enterprises) are a potential business for economic development in Indonesia. Therefore, their implementation needs to be optimized and their potential explored to enhance community economic development. This development will undoubtedly be further enhanced with government support in providing the necessary facilities to support the implementation and progress of businesses, ensuring high-quality production and competitiveness in the international market.
2. This aligns with the United Nations' (Luz. A. Einsiedel, 1968, p. 9) definition of community development as a "process" in which community efforts or potential are integrated with government resources to improve economic, social, and cultural conditions, integrate communities within the context of national life, and empower them to achieve progress.
3. Internal Development in Kenanga Village, Tangerang Regency.
Potential and development efforts undertaken include:
 - a. Capital procurement
 - b. Production innovation
 - c. Marketing network expansion
 - d. Procurement of production facilities and infrastructure

External Development with Assistance from the Tangerang City Cooperatives and SMEs Office
The government's role in developing Micro, Small, and Medium Enterprises (MSMEs) is indeed very necessary. Because MSMEs are one of the potential businesses to boost the economy and improve the welfare of the community. Therefore, empowerment is needed in terms of human resources to the provision of facilities and infrastructure. In addition, there are many benefits from the existence of MSMEs, namely being able to absorb a large workforce and reduce the unemployment rate. namely

social welfare, which naturally demands good governance. Currently, demands for the government to be able to quickly realize the achievement of social welfare are increasing (Keban, 2008, pp. 17-18).

In this case, the role of the Tangerang City Cooperative and SME Service is as an extension of the Regional Government to help overcome problems that occur in the development of SMEs in terms of production and processing, marketing, human resources, as well as design and technology.

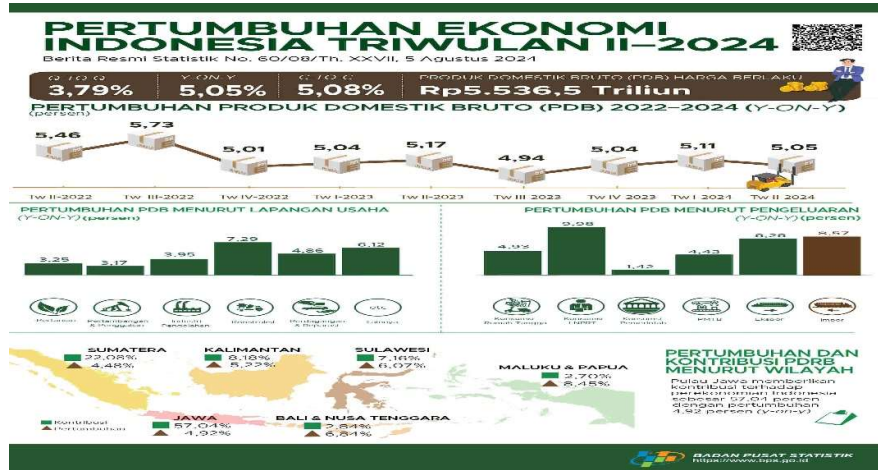
1. Providing MSMEs with access to capital sources. Micro, Small, and Medium Enterprises generally rely on their own capital to run their businesses, and sometimes they are trapped by the clutches of loan sharks due to the still low accessibility to formal financing sources. Regarding providing access to funding sources, the Tangerang City Cooperatives and SMEs Office has provided the community with access to initial capital. The funds provided come from the central government (Ministry of Cooperatives and SMEs) and the Banten provincial government.
2. The central government provides assistance through the LPDB (Revolving Fund Management Institute). These funds are distributed to cooperatives for MSME entrepreneurs seeking capital loans. Meanwhile, the Banten provincial government provides funds in the form of social assistance and grants to women's cooperatives that have received government funding
3. Provision of Coaching and Training

The coaching and training provided by the Tangerang City Cooperatives and SMEs Office serves as a form of empowerment, motivating and encouraging the community to hone their skills and providing knowledge and skills for those who wish to start their own businesses. To address the challenges faced by MSMEs, the Tangerang City Cooperatives and SMEs Office provides services such as the MSME Clinic in collaboration with the Banten Provincial Government. At the MSME Clinic, prospective and existing MSME entrepreneurs, especially those who still face challenges, receive coaching and training. The coaching and training provided by the Tangerang City Cooperatives and SMEs Office serves as a form of empowerment, motivating and encouraging the community to hone their skills and providing knowledge and skills for those who wish to start their own businesses. To address the challenges faced by MSMEs, the Tangerang City Cooperatives and SMEs Office provides services such as the MSME Clinic In collaboration with the government, the MSME Clinic provides assistance to prospective and existing MSME entrepreneurs, especially those facing challenges.

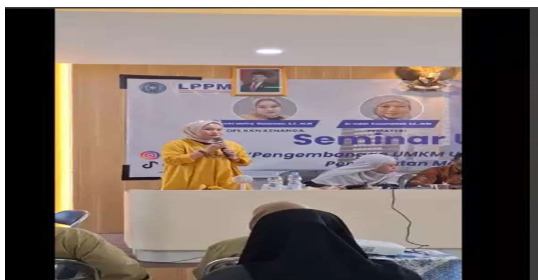
However, the Tangerang City Cooperatives and SMEs Office does not have the facilities available for the MSME Clinic itself, unlike those found in other cities. The existing facilities should be re-established so that the public can learn more about the functions of the government-facilitated MSME Clinic and utilize them effectively.

4. Obstacles to the development of Micro, Small, and Medium Enterprises (MSMEs) run by community business groups.
 - a. Rising Raw Material Prices. Raw materials are the basic ingredients used to process a type of material into a product that can be produced with maximum creativity and innovation. Price increases are desirable if raw materials are obtained from their own gardens. This presents a constraint because they will only supply raw materials according to their available budget. This automatically limits production, even though market demand is quite high.
 - b. Limited Human Resources. Human resources are the most crucial aspect of running a business. Research shows that the majority of knowledge and skills are passed down from previous generations. Therefore, they are less able to develop their creative abilities.
 - c. Having Capital Problems: Capital is the most important factor in starting a business. Because MSMEs are home-based businesses that rely on their own capital, they require government assistance. Entrepreneurs admit to using their own savings for capital, although they faced significant difficulties in initially raising capital.
 - d. Lack of Facilities and Infrastructure Facilities and infrastructure are crucial in supporting MSMEs. Therefore, the infrastructure required for conducting business must be supportive. This includes facilities for product marketing or manufacturing. Entrepreneurs must have a place to market their products.
 - e. Lack of Product Marketing Access In Kenanga Village, Tangerang City, MSME entrepreneurs produce similar products. Therefore, competition in marketing is a natural occurrence. This wouldn't be necessary if entrepreneurs were able to increase their creativity by producing raw materials into a variety of different foods or snacks. However, here, entrepreneurs are less able

to explore all their creativity to support progress in developing their businesses. Because of such competition, it will be increasingly difficult for them to market their products. This is what hinders them in marketing their products.



PKM: Kelurahan Kenanga, Kota Tangerang



CONCLUSION

1. Internal development of the Kenanga Village business group, Tangerang City, to increase its potential and progress is carried out in several ways, including:
 - a. Capital procurement. The majority of entrepreneurs start their businesses using their own savings.
 - b. Product innovation. To attract consumer interest, corn chip entrepreneurs have innovated their products by offering a variety of flavors to avoid boredom and allow customers to choose according to their preferences. This innovation has been proven to further increase market share.
2. Increasing the potential and progress of their businesses is achieved through several methods, including:
 - a. Capitalization. The majority of corn chip entrepreneurs start their businesses using their own savings.
 - b. Product innovation. To attract consumer interest, entrepreneurs have innovated their products by offering a variety of flavors to ensure consumers don't get bored and can choose according to their preferences. This innovation has proven to increase sales for the public, especially entrepreneurs. These programs are held regularly every month throughout the year, including Product Training, IT Entrepreneur Training, Managerial Training, and training for civil servants approaching retirement.
3. In improving product marketing, the Tangerang City Cooperative and SMEs Office has helped in promoting MSME products by holding free exhibitions or bazaars for MSME entrepreneurs in Tangerang City and has invited entrepreneurs to participate in places that are frequently visited by tourists, such as malls in Tangerang City.
4. In order to expand the product marketing network in order to develop MSMEs, the Tangerang City Cooperative and SME Office has made efforts by holding product promotion activities such as holding exhibitions or bazaars attended by MSMEs from several cities which are expected to introduce Tangerang City MSME products, especially corn chips. Because in this case the Tangerang City Cooperative and SME Office does not have a product marketing network for MSME entrepreneurs to expand their production results.
5. The Tangerang City Cooperatives and SMEs Service has provided facilities and infrastructure to support the progress of SMEs, such as providing free facilities for people who want to participate in training activities and product promotion exhibitions that have been facilitated by the government.
6. In addition, the Tangerang City Cooperatives and SMEs Office has provided information through its official website and through SME Clinics in several cities, which are expected to promote Tangerang City's SME products. This is because the Tangerang City Cooperatives and SMEs Office does not have a product marketing network for SME entrepreneurs to expand their production.
 - a. The Tangerang City Cooperatives and SMEs Office has provided facilities and infrastructure to support the advancement of SMEs, such as free facilities for the public to participate in government-facilitated training and product promotion exhibitions. Furthermore, the Tangerang City Cooperatives and SMEs Office has provided information through its official website and through SME Clinics in several cities, which are expected to promote Tangerang City's SME products, especially homemade products.
 - b. Because in this case the Tangerang City Cooperative and SME Service does not have a product marketing network for UMKM entrepreneurs to expand their production results, the community is expected to be able to do so through social media.
 - c. The Tangerang City Cooperatives and SMEs Office has provided facilities and infrastructure to support the advancement of MSMEs, such as providing free facilities for the public who wish to participate in government-facilitated training and product promotion exhibitions. In addition, the Tangerang City Cooperatives and SMEs Office has provided information through the official website of the KUMKM Office and the Tangerang City MSME Clinic.
7. The government needs to facilitate access to capital for MSMEs in running their businesses and there is a need to improve facilities and infrastructure, such as re-enabling the MSME Clinic as a consultation facility for the community to overcome problems faced by MSMEs.

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