

COMMUNITY SERVICE STRATEGY: OPTIMISING THE POTENTIAL OF MSMEs IN THE VILLAGE

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Abstract

Community service that focuses on optimising the potential of Micro, Small and Medium Enterprises (MSMEs) in villages is a strategic step to improve the welfare and living standards of local communities. This activity begins with the identification of the potential and constraints faced by MSMEs in the area, followed by a comprehensive analysis that helps map out the most relevant interventions. This approach includes skills training, access to capital, and more effective and efficient marketing of products. The active involvement of local communities in MSME development increases the sense of ownership and responsibility for the sustainability of the programme. Collaboration with the government, educational institutions and the private sector is also crucial to provide holistic support. Various forms of concrete support, such as training, technical assistance, and development of marketing networks, are expected to bring positive impacts to small businesses in villages. In this digital era, the utilisation of information technology is key in expanding market reach and improving operational efficiency of rural MSMEs. The implementation of e-commerce and digital marketing allows MSMEs to access a wider market and market their products nationally and internationally. In addition, technology also provides easier access to important information and resources that can support business development. The success and sustainability of this strategy depends on regular evaluation and the ability to adapt the programme based on the results. Continuous programme adjustments ensure that the strategy remains relevant and effective in the face of changing conditions on the ground. Thus, optimising the potential of

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MSMEs in the village is expected to have a sustainable positive impact, not only for the business actors, but also for the village economy as a whole.

Keywords: Strategy, Community Service, MSME, Village.

Introduction

MSMEs (Micro, Small, and Medium Enterprises) have a very strategic role in the Indonesian economy, especially at the village level. MSMEs are often the economic backbone of rural communities, providing employment, and being the main source of livelihood (Azra et al., 2023). According to data from the Ministry of Cooperatives and SMEs, MSMEs contribute more than 60% to the national Gross Domestic Product (GDP) and absorb almost 97% of the total labour force in Indonesia (Sari et al., 2023).

MSMEs are often the main driver in creating jobs and increasing the income of local communities. MSMEs in villages are not only a source of income for business owners, but also contribute significantly to the local economy. By absorbing local labour, MSMEs help reduce unemployment. In addition, the ability of MSMEs to provide goods and services needed by the village community also supports the accessibility and economic independence of the village itself (MH & Fitriyah, 2024).

In addition to being an economic resource, MSMEs also play an important role in preserving local culture and wisdom. Many MSMEs in villages are engaged in handicraft products, local culinary, and agro-industry based on natural resources and local traditions. In other words, MSMEs are an important vehicle for preserving traditional values and improving social welfare (Aji et al., 2023). Supporting MSMEs will not only strengthen the village economy, but will also preserve cultural diversity and local wisdom, which in turn can increase the attractiveness of villages as tourist destinations and centres of productive activities. However, despite their great potential, MSMEs in villages still face significant challenges (Rustini et al., 2023).

Some of the challenges faced by MSMEs in villages include limited capital, low access to technology and information, lack of managerial skills, and lack of marketing networks. In fact, the strategic role of MSMEs in driving the village economy should be supported by various strengthening and empowerment efforts. Therefore, community service is one of the strategies that can be implemented to overcome these challenges (Widyawati, 2020).

Community service, which involves collaboration between academics, government, and various other stakeholders, can play an important role in optimising the potential of MSMEs in villages. Community service is not just a form of support, but also a systematic effort to improve the capacity and competitiveness of MSMEs through various planned programmes and initiatives. Some of the strategies that have proven effective in community service include the provision of training and coaching, access to capital, improvement of marketing networks, and utilisation of technology and innovation (Nugroho et al., 2022).

Although much literature documents the success of various community service programmes, a more in-depth and comprehensive study is still needed to identify the most effective strategies in the context of optimising the potential of MSMEs in villages (Sumasto, 2022). Thus, this research aims to explore and analyse community service strategies that have been implemented and successful in empowering MSMEs in villages through a literature review.

Research Methods

The study in this research uses the literature research method. This method is an approach used to collect and analyse information that is already available through written sources, such as books, scientific journals, articles, research reports, and other documents. (Iryana, 2019); (DEWI, 2019); (Zaluchu, 2020).

Results and Discussion

Definition and Characteristics of MSMEs

Micro, Small, and Medium Enterprises (MSMEs) are a category of businesses generally defined by the number of workers and annual revenue generated. MSMEs play an important role in the economy through job creation, income distribution, and local economic development (Isnaini et al., 2024). In the Indonesian context, the definition of MSMEs is regulated by Law No. 20/2008, where micro-enterprises have maximum assets of IDR 50 million and maximum turnover of IDR 300 million per year, small businesses have assets between IDR 50 million and IDR 500 million with turnover between IDR 300 million and IDR 2.5 billion per year, and medium-sized enterprises have assets between IDR 500 million and IDR 10 billion and turnover between IDR 2.5 billion and IDR 50 billion per year (Sompa, 2021).

MSMEs in villages have unique and different characteristics compared to those in urban areas. Key characteristics of rural MSMEs often include smaller scale businesses with limited start-up capital, use of traditional technologies, and simpler

management. The majority of MSMEs in villages focus on productive sectors such as agriculture, fisheries, handicrafts and home industries. In addition, MSMEs in villages usually operate in a closer and more community-based environment, where social relations and family involvement play a significant role in business operations (Effendi et al., 2021).

In rural economies, MSMEs play a crucial role in driving local economic growth and reducing poverty. By creating jobs for local residents, MSMEs help reduce urbanisation and minimise migration to big cities (Qurrotunnisa & Himmawan, 2023). MSMEs also contribute to increased household income and a more equitable distribution of wealth. In addition, MSMEs are able to optimally utilise local potential and available natural resources, thereby encouraging the sustainability and self-reliance of village economies. With a role like this, MSMEs become one of the important pillars in regional and national economic development.

MSME Empowerment Strategy

Micro, Small, and Medium Enterprises (MSMEs) are the backbone of many countries' economies, including Indonesia. Therefore, an MSME empowerment strategy is essential to support economic growth and sustainability. First of all, entrepreneurship training and education should be provided continuously. Programmes such as workshops, seminars, and online courses can help MSME owners improve their managerial, financial, and marketing skills. The ability to manage businesses more efficiently will improve the competitiveness and productivity of MSMEs (Jaya et al., 2024).

Besides training, access to capital is also a key factor in empowering MSMEs. Many MSMEs have great potential but are hampered by limited capital. The government and financial institutions need to work together to provide various financing schemes that are easily accessible to MSMEs. Examples include the provision of low-interest people's business credit (KUR), and the establishment of specialised venture funds for MSMEs. In addition, partnerships with large companies or investors can also be an alternative source of funding (Sahabuddin et al., 2024).

Information and communication technology (ICT) should also be utilised to support MSME empowerment. In this digital era, the use of technology can open wider and more efficient market access. For example, the use of e-commerce, social media, and financial applications can help MSMEs expand their market reach and

improve service quality. The government and technology service providers should provide support in the form of subsidies, digital training, and provision of adequate infrastructure (Desmawan, 2023).

Finally, support from the government in the form of policies and regulations that favour MSMEs is crucial. Fiscal policies such as tax reductions, incentives for exports, and licensing simplification will greatly help MSMEs develop (Lusianingrum et al., 2023). In addition, the government can also implement regulations that protect MSMEs from unfair competition with large companies. Collaboration and synergy between the government, the private sector, and the community are key to creating an ecosystem conducive to the sustainable growth of MSMEs (Yusuf, 2023).

Effective Community Service Strategies

Community service is one important way to create positive and sustainable change in society. The first strategy is to understand the true needs of the community to be served. Conducting a comprehensive assessment or needs analysis can help determine the areas most in need of intervention. Thus, the programmes designed will be more relevant and well-targeted, and produce a significant impact (Sujianto et al., 2022).

Second, actively involving community members in all stages of the community service programme is key to success. Active participation from community members will not only increase the sense of ownership and responsibility, but also ensure that the solutions implemented are appropriate to the local context and culture. Collaboration between programme organisers and the community ensures that there is a sustainable transfer of knowledge and skills, not just temporary assistance (Pribadi et al., 2023).

The utilisation of information technology is also an important component of an effective community service strategy. Technology can be used to collect data, disseminate information, and facilitate efficient communication between the various parties involved. For example, digital platforms can be used to monitor programme progress, manage resources, and assess the impact of activities in real-time. By utilising technology, service programmes can be run more efficiently and transparently (Setiawan et al., 2023).

Lastly, continuous evaluation and adaptation of community service programmes is essential to ensure their sustainability and effectiveness. Evaluations should be conducted periodically to assess the impact of activities and identify

areas that require improvement (Khambali et al., 2023). The results of the evaluation should be used to make adjustments and adaptations to the programme so that it remains relevant to the development of community needs. Thus, community service programmes will always be up-to-date and able to make a real contribution to the welfare of the community.

Conclusion

Optimising the potential of Micro, Small and Medium Enterprises (MSMEs) in villages is one of the most effective community service strategies in improving the living standards and welfare of local communities. Identifying the potential and problems faced by MSMEs in the village is a crucial first step. The need for comprehensive analysis helps map out the most relevant types of interventions, ranging from skills training, access to capital, to product marketing.

The active involvement of local communities in the MSME development process not only has a direct impact on the quality and sustainability of their businesses, but also strengthens their sense of ownership and responsibility for the success of the programme. Collaboration between the government, educational institutions and the private sector is also important to provide holistic support. Training facilitation, technical assistance, and marketing network development can be concrete steps taken.

The utilisation of information technology opens up opportunities for rural MSMEs to reach a wider market and improve operational efficiency. For example, the application of e-commerce or digital marketing can help local MSMEs market their products to higher levels, both nationally and internationally. In addition, technology can also facilitate access to information and resources related to business development.

Periodic evaluation and flexibility to adapt strategies based on evaluation results are key to making community service activities focused on MSMEs effective and sustainable. Evaluation results enable programme adjustments to be relevant to changes and conditions in the field. With this set of strategies, it is hoped that optimising the potential of MSMEs in the village will have a real sustainable impact, not only for individual businesses, but also for the village economy as a whole.

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