

## **The Role of Micro, Small and Medium Enterprises (MSMEs) in Improving Community Welfare in Tuweley Village, Baolan District**

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### **Abstract**

This study aims to describe the role of micro, small and medium enterprises (MSMEs) in improving the welfare of the community in Tuweley Village, Baolan District. This study uses a qualitative research method with a descriptive research type. The data collection techniques in this study are: observation, interview, and documentation. Based on the results of the research and discussion, it can be concluded that MSMEs in Tuweley Village, Baolan District have an important role in the community, including opening job opportunities and jobs that initially people did not have jobs to have jobs and can improve the welfare of the community such as in the fields of education, income, health, and housing and settlement.

**Keywords:** *The Role of MSMEs, Community Welfare*

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## INTRODUCTION

Economic activities aim to improve the energy and standard of living of the community because with an increase in wealth the needs of the community can be met. To meet the needs of the community, jobs must exist so that each generation can reach its potential. Although Indonesia has abundant natural resources, the country has not fully utilized them. MSMEs stand for Micro, Small and Medium Enterprises, which basically refer to businesses or businesses carried out by individuals, groups, small business entities, or households. MSMEs play an important role in the Indonesian economy, both in terms of the number of jobs created and in terms of the number of businesses they have. As a developing country, MSMEs function as the basis of the goods and services circulation sector (Nur et al. 2024; Yanto, E., Morad, A. M., Ismail, I., & Mallu 2024; Yanto 2024; Yanto et al. 2023, 2025; Yanto, Bustam, and Aqfir 2021; Yanto and Syahputra 2023; Yanto and Syaputra 2022).

Through entrepreneurship, MSMEs contribute significantly to poverty alleviation, job creation, welfare improvement, and the formation of national identity. Micro, small, and medium enterprises (MSMEs) have the ability to develop into significant community trafficking ventures, which encourages more people to pursue entrepreneurship and improve the local economy. The number of small and medium enterprises (MSMEs) in each region in Indonesia is certainly enough to support the economic growth of the region (Riska & Nurlaila, 2024:3).

Based on Law Number 20 of 2008, Chapter 1 Article 1, micro businesses are profitable businesses and are owned by individuals or individual business entities that are eligible to be classified as micro businesses. Small and medium enterprises are independent productive economic enterprises controlled by individuals or legal entities that operate independently and generate profits (Hidayat et al., 2022:67). A prosperous society depends on well-being. The Great Indonesian Dictionary defines prosperity as a condition of safety, *sentosa*, prosperity, and feeling that there is nothing lacking in anything regardless of poverty and the dangers that threaten it (Sukmasari, 2020:6).

Community welfare is a measure for a society that has experienced an increase in welfare. Welfare means being able to meet basic needs or clothing, food, and shelter without experiencing difficulties. By using the Human Development Index, which consists of educational, health, and economic indicators, people's welfare can be measured. The Central Statistics Agency (BPS) has several indicators that are used to measure the level of people's welfare, namely income, health, housing, and education (Aliyah, 2022:66).

According to Hasibuan et al (2023:497), companies in the MSME sector help reduce unemployment by absorbing a workforce that is ready to work but does not have a job. Expanding the micro business sector will provide partners with more job opportunities and more benefits for the community. So far, MSMEs have shown dependency as a crisis safety valve. Micro, small, and medium enterprises (MSMEs) are a large part of a country's economy. Therefore, the MSME mechanism has helped the local economy. This will help local governments take over and accelerate national economic recovery.

It is hoped that MSMEs can make a good enough contribution to the welfare of the community, especially in dealing with problems that are often faced such as high poverty rates, high unemployment rates, income distribution inequality, and all other

negative aspects. The government must support MSMEs to reduce the unemployment rate that continues to increase every year, tackle poverty by helping the underprivileged, and promote equal opinion, which will improve the lives of people with financial limitations. The development and growth of MSMEs is one of the important drivers for economic development and growth. The increase in poverty during the economic crisis will have a positive impact on the growth of the output of MSMEs.

Tolitoli Regency has many developing MSMEs. Geographically, Tolitoli is a fertile agricultural region, and most of its inhabitants work as farmers and fishermen. However, there are also home industries and Micro, Small, and Medium Enterprises (MSMEs) that support the local economy. Therefore, the researcher wants to find out how much MSMEs contribute to the welfare of the Tolitoli community. This is because to increase MSMEs, various efforts need to be made to overcome existing welfare problems.

Based on the above background description, the author is interested in conducting a research entitled The Role of Micro, Small and Medium Enterprises (MSMEs) in Improving Community Welfare in Tuweley Village, Baolan District. Based on the background of the problems stated above, the formulation of the problem in this study is what is the role of Micro, Small and Medium Enterprises (MSMEs) in improving the welfare of the community in Tuweley Village, Baolan District?

## METHODOLOGY

This study uses a qualitative type of data with a descriptive approach. Qualitative research is a type of research that produces findings that cannot be achieved through the use of quantification (measurement) techniques such as statistical techniques. To understand this term qualitative research, the theory must first be introduced. Bogdan and Taylor (1975:5) in Gemala (2022:19) define qualitative methods as research procedures that produce descriptive data from people observed in the form of written or spoken words. Qualitative data analysis is an effort to process data derived from data collection. The descriptive method is used to process the collected data by analyzing it according to the situation in the field. Qualitative data analysis involves data reduction, data presentation, and conclusion making. Miles and Huberman (1992:20) in Rijali (2018:3) describe the process of analyzing qualitative research data, which is as follows.

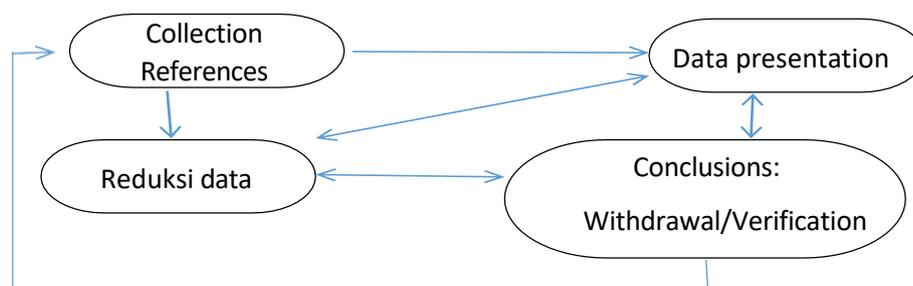


Figure 1. Qualitative Research Data Analysis Process

Data validity checks are an important part of the knowledge pool related to qualitative research, in addition to being used to refute accusations that qualitative

research is unscientific. Validated data can test and ensure that the research is correct scientific research. Qualitative research tests the validity of data in various ways, such as testing credibility, transferability, dependability, and confirmability. This is done to ensure that the data used in qualitative research is used as scientific research. Trustworthiness The data of the research results must be tested to ensure that they are credible (credibility) or trustworthy. This is necessary so that the results of the research are not doubted as scientific works.

## RESULTS AND DISCUSSION

Based on the results of interviews from 10 key informants, the researcher can state that MSMEs in Tuweley Village, Baolan District have a positive impact on the community, including opening job opportunities and jobs, the existence of MSMEs also affects the families of MSME owners themselves, can help in terms of improving welfare such as in the fields of education, health, income, housing and decent settlements and MSMEs help reduce the level of poverty. The Role of Micro, Small and Medium Enterprises (MSMEs) in Improving Community Welfare in Tuweley Village, Baolan District.

Micro, small, and medium enterprises (MSMEs) play an important role in improving people's welfare in various ways. First, MSMEs create a lot of jobs, which significantly reduces the unemployment rate and provides income opportunities for many people. In addition, MSMEs increase people's income because many families use small businesses as their main source of income, thus helping them achieve economic stability. MSMEs also play a role in reducing economic disparities by providing economic access to a wider group of people. Thus, MSMEs not only contribute to economic growth but also encourage equity and improve the overall quality of life of the community. MSMEs are also often innovators in creating new products and services, which can increase market competitiveness.

Based on the results of interviews conducted with several business owners, they revealed that opening their own business gives them the opportunity to earn better income than before. This not only allows them to better meet their daily needs, but also helps them in covering the education costs of their children. Furthermore, they emphasized that the business they run plays a very important role in improving their family's overall economy. In addition, through these efforts, they also contribute to creating new jobs, which in turn helps reduce the unemployment rate and provide opportunities to people who were previously unemployed. Here are some of the roles of micro, small and medium enterprises that are felt by business owners, namely:

### Opening new jobs

In accordance with the results of interviews with business owners, it shows that their business plays an important role in creating job opportunities. This proves that their efforts have a great impact on the community, helping them get jobs, and supporting them in meeting their living needs and increasing income.

With the existence of MSMEs, the positive impact is very felt for the community. MSMEs provide jobs that are in accordance with the abilities of people who have low levels of education, so that those who are not qualified to work elsewhere with special skills can still get jobs. Thanks to MSMEs, some people who previously migrated to

find work can now work in the MSME sector. This changed them from not having a job to having a job. MSMEs not only open new jobs but also encourage the improvement of the community's economy.

### **Improving the well-being of the community**

Community welfare is a social ideal that is not only to be owned but also to be sought. Without effort and hard work among the parties involved, welfare is the goal of every community. Well-being can be measured by indicators, from the benchmark indicators can be concluded as follows:

#### **Revenue**

Income is the total cash receipt earned by the community or family in a given period. Based on the results of the interview above, those who work as MSMEs by earning enough income to meet basic needs such as food, clothing, and shelter, can also finance their children's education. It covers tuition, books, uniforms, and other educational facilities. Sufficient income allows them to get access to good health services and be able to buy medicines.

#### **Housing and settlements**

Housing is a very basic need for everyone. Humans need a house as a place to live to shelter or shelter from the heat and rain. In general, the quality of residence indicates the level of welfare of a household which can be seen from the physical appearance of the house. Based on the results of the interview above, it can be said that MSMEs provide a number of changes in people's lives. Able to meet their daily needs, real income is able to make business actors get a house that is livable and comfortable to occupy.

#### **Education**

Education is very important for society with higher education can make people to work more and earn income easier and higher compared to people who work without higher education. With the results of the interview above, it can be found that individuals who have a business or as MSME actors, namely with their income is sufficient to send their children to a higher school. It can be seen from several MSME actors in their children's education that some are in elementary, junior high, high school, and college so that MSMEs play a very important role in improving the family economy and in the cost of their children's education.

#### **Health**

Health is an indicator of welfare where when there is a sick community it is difficult to achieve its own welfare, so the community must achieve various forms of health that must be fulfilled. Health is an indicator of welfare that can be seen whether or not people are able to carry out health and pay for treatment. The awareness of health has been felt by the community, especially informants or MSME actors in their family members, as can be seen from the results of the interview that with the income they have, it can help in meeting family health and family medical expenses.

Judging from several indicators of community welfare that have been explained above, the existence of MSMEs in Tuweley Village, Baolan District plays a role in the

surrounding community, seen from the people who get jobs, additional income to meet the daily needs of the community. MSMEs also play a role in the MSME family members themselves with the income they get enough to meet their needs to increase their basic needs every day as well as meet expenses such as health and education for their children.

## CONCLUSION

Based on the results of the research, MSMEs in Tuweley Village, Baolan District have an important role in the community, including opening job opportunities and jobs that initially people did not have jobs to become jobs and can improve community welfare such as in the fields of education, income, health, and housing and settlement. This shows that MSMEs in Tuweley Village, Baolan District, have a significant impact on the welfare of the local community. Some of the important roles of MSMEs identified include: 1) Opening Job Opportunities: MSMEs provide job opportunities for people who previously did not have jobs. This helps reduce the unemployment rate in the area; 2) Improving Community Welfare: Communities can improve their welfare in various aspects, such as education, income, health, housing and Settlement. Based on the results of the research conducted, the researcher wants to convey several suggestions in the hope of providing benefits and input for related parties. First, the Government is expected to pay more attention to efforts to support the progress of MSMEs. It is expected to provide coaching, mentoring, and training for MSMEs so that they can compete in market competition. Second, it is hoped that MSME actors must take advantage of the opportunities as much as possible so that the businesses that have been engaged in can survive in the midst of a lot of business competition so that they can develop and advance as well as increase sales.

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