

UMKM in Improving The Economy of Rural Communities

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Abstract. The purpose of this study is to examine about the role of UMKM in the economy of rural communities. UMKM are micro, small and medium enterprises which are managed by the community on a small scale. However, it turn out that UMKM have very important role in the community's economy. This study uses a descriptive method with a qualitative approach. The results of the study show that UMKM are the choice of rural communities in improving the family economy. This shows that UMKM are the main basis in the people's economic sector. To increase the independence of rural communities, especially in the economic field. UMKM in Santosa Village, Bandung Regency have tried to develop into UMKM that are economically independent even though they live in a village where the average job is tea leaf picking. The motivation and enthusiasm they have as UMKM actors is very high.

Keyword: UMKM, rural communities.

1. Introduction

UMKM or micro, small and medium enterprises are productive business units that stand alone, and are carried out by individuals or business entities in all economic sectors. Micro, Small and Medium Enterprises (UMKM) are a foundation of economic activity that is able to restore economic conditions. In this case, the role of UMKM is very large contribution to the Indonesian economy. UMKM have extensive networks in various parts of the country that are able to embrace and realize the potential of the wider community, so that people will get a progressive life for the better [1]. contributes around 87% to a number of business entities in Indonesia and has a share of 85% in employment [2].

UMKM in Indonesia aim to create a balanced and developing national economic sector, foster strong and independent business capabilities, increase the role of UMKM in regional development, economic growth and equal distribution of income, create jobs, as well as poverty alleviation. From a business perspective, UMKM in Indonesia are classified into four groups, namely: informal sector UMKM, for example street vendors, micro UMKM, for example craftsmen, Dynamic Small UMKM, for example, UMKM groups that are able to establish cooperation, and Fast Moving Enterprises, for example, UMKM that are ready to transform into businesses big.

Economic activity is an activity that cannot be separated from the life of every human being. The state is the largest economic structure where the government carries out various policies to be able to run and improve the country's economy. The government also plays a role in helping UMKM actors promote and develop their businesses. UMKM also have a very important role for the growth and development of the Indonesian economy [3].

UMKM are here because they provide opportunities that are utilized by UMKM business actors in providing for the needs of the community, businesses that are currently viral and provide business opportunities, tastes, prices affordable to the general public. There are consumers who become loyal customers, the availability of raw materials that open up business opportunities, and so on. All of this is an opportunity for business development carried out by UMKM actors [4].

It is undeniable that the role of Small, Micro and Medium Enterprises (UMKM) has a strategic role in economic development in Indonesia. Not only playing a role in absorbing labor and poverty alleviation, UMKM have also proven to be able to survive and carry out their roles well in the midst of a multidimensional crisis. This is quite reasonable considering that the small and medium business sector has higher prospects for development, besides that UMKM also have different characteristics when compared to large types of business. This difference lies not only in the scale of the business, the number of workers, and production capacity, but also the level of business resilience, where UMKM are believed to be more resilient and have more resilience in running their business[5].

This research was conducted in Santosa Village, Bandung Regency, West Java Province. The livelihoods of the people on average are tea leaf pickers, but uniquely not all people dedicate their lives as tea garden workers, many of them choose to be self-employed at home which means entrepreneurship or setting up an UMKM in the village can play an important role in the economy the village. The goal to be achieved from this research is to find out the role of UMKM in the economy of the people of Santosa Village, Bandung Regency.

2.Method

The method used in this study is a qualitative descriptive research method with a qualitative approach. This study explains how UMKM can improve the economy of rural communities. Data collection techniques used are observation, interviews and literature studies. Observations were made by observing the business activities of the Santosa Village community. Starting from the product manufacturing process, product packaging to product marketing. Interviews were conducted with business owners. The literature study was carried out by studying literature related to UMKM and the economy of rural communities.

In collecting data, the researcher made observations of the business activities carried out by the village community and how they would market their products, from manufacturing, packaging, to distributing the products for marketing. Researchers used data collection by conducting interviews with business managers (UMKM) or owners of industrial houses in order to obtain accurate and complete information. Namely the collection in the form of data from information that has been obtained through interviews with the people of Santosa village who have UMKM.

3. Results and Discussion

The role of UMKM is not only meaningful for growth in big cities but also for economic growth in rural areas [6] . Micro, Small and Medium Enterprises (UMKM) in villages are seen as having good future prospects. The main role of UMKM in efforts to encourage economic growth and employment is expected to be the first step in efforts to move the industrial sector in various business fields[7].

The benefits of Micro, Small and Medium Enterprises (UMKM) in villages for the regional economy are increasing income, empowering the community, especially women, gaining entrepreneurial experience, reducing unemployment in villages, strengthening a sense of togetherness, developing community potential, developing pre-existing businesses, and fostering a sense of want to move on and so on.

Santosa Village was originally a division of Cibeureum Village, Kertasari District in 1976. This was because the coverage of Cibeureum Village was too broad and dense and to make it easier to regulate government, economy and so on. So based on the Regent's Decree, Cibeureum Village was divided into 2 villages, namely Santosa Village and Cibeureum Village. The population of Santosa Village totaled 4,877 people with a population of 2,391 women and 2,496 men.

The people of Santosa Village have an average livelihood as pickers in the tea plantations of PT. Perkebunan Nusantara. For generations, picking tea has become commonplace in this village. However, as time goes by, many people choose the path of home-based entrepreneurship, especially people who want to change the stigma that these villagers will not always be tea pickers, but they can also be economically independent, namely by opening their own home-based business or what is commonly called a home industry.

In fact, Santosa Village has a lot of potential UMKM products, especially in the food sector, such as: Putu ayu, gehu, bugis, risoles, omelet rolls, cendol, kicimpring, kue ali, gemblong, and so on. UMKM which was founded by the people of Santosa Village is a form of entrepreneurship, where the existence of UMKM in the village is expected to improve the economy of the people in the area. The establishment of UMKM is inseparable from the enthusiasm and strong desire of entrepreneurs.

Food products that the people of Santosa Village usually market by entrusting them to the nearest stalls or they offer them to the market. Besides that, there are great opportunities for them to become dynamic UMKM and Fast-Moving Enterprises. The food products that they offer are on average market snacks, where market snacks with typical wet cakes are very popular and sought after in cities. Of course, in urban areas the price will increase many times from the price in the village, but there must be assistance towards dynamic UMKM.

Currently the community of UMKM actors in Santosa Village needs motivation and encouragement to increase UMKM awareness in developing business potential because it needs to be balanced with qualified conditions, namely the village government must be able to accommodate input from UMKM actors, provide facilities and infrastructure aimed at increasing the potential of UMKM, provide training, providing capital, providing markets, assisting cooperation with partners [8].

The following is a picture of UMKM Santosa Village:



Figure 1. UMKM Santosa Village

Source: Result research, 2022

To increase the promotion of MSME products, it is done by creating an Instagram account. The Instagram account displays MSME products. There are pictures and descriptions of UMKM products. Through this account, MSME products will be widely known. The following is a display of Instagram account:

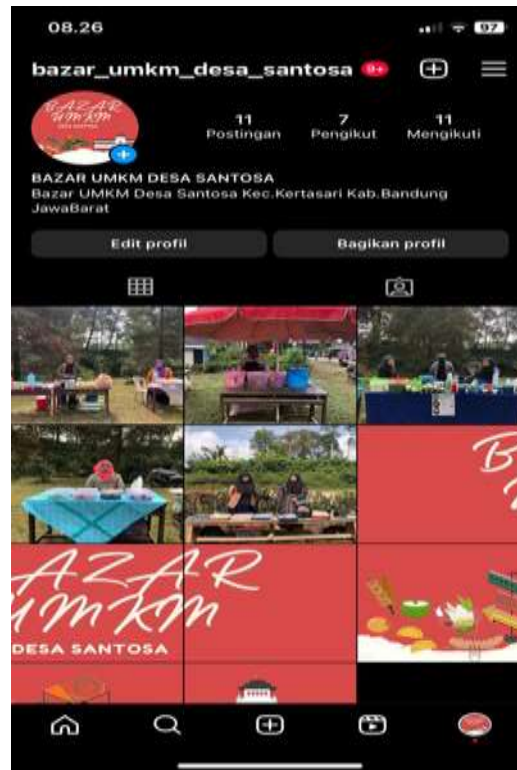


Figure 2. The display of Instagram account
Source: Result research, 2022

4. Conclusion

Micro, Small and Medium Enterprises is a business that does not cooperate with any institution, and is independent, and business actors are not affiliated with other companies or with their own companies, whether they are small businesses or large businesses [9]. UMKM in Santosa Village, Bandung Regency have tried to develop into UMKM that are economically independent even though they live in villages where the average job is tea leaf picking. The motivation and enthusiasm they have as UMKM actors is very high. As the name suggests, UMKM is usually done by someone who doesn't have a lot of capital to start a business. Apart from not requiring a large amount of capital, starting this business also does not require a certain level of education, does not require special skills or abilities [10].

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