

Strengthening Local Wisdom-Based MSMEs through Production Optimization to Improve Local Economic Competitiveness

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Volume

4

Issue

2

Edition

November

Page

303-309

Year

2023

Article History

Submission: 12-07-2023

Review: 24-07-2023

Accepted: 05-09-2023

Keyword

MSME;

Local wisdom;

Production optimization;

Local economy;

How to cite

Fitri, R., Lia, D. A. Z., Prihatiningsih, I., Sudarmiatin. (2023). Strengthening Local Wisdom-Based MSMEs through Production Optimization to Improve Local Economic Competitiveness. *Jurnal Pengabdian Masyarakat*, 4(2), 303-309. <https://doi.org/10.32815/jpm.v4i2.1826>

Abstract

Purpose: MSMEs are strategic businesses in driving the national economy, which are believed to be able to stabilize the financial system and economy because they have high economic resilience. Therefore, various supports are needed to improve the quality of MSME processed products, so the purpose of the community services is to help Alrosa MSME owners utilize technology to improve the quality of the products produced so that the products produced can be optimal and efficient.

Method: The methods used are 1) identification, 2) implementation of activities, and 3) program evaluation. The activity was carried out at the production house of UMKM Alrosa Karangploso, Malang Regency.

Practical Applications: The results of the community services are the increase in the quality and quantity of Alrosa MSME food products by utilizing spinner and oven technology and training in designing product packaging for MSMEs to make it attractive.

Conclusion: The community services program provided to Alrosa MSMEs is well received and helpful in improving the quality of Alrosa MSME products.



Introduction

Developing Micro, Small, and Medium Enterprises (MSMEs) strategically drives the national economy (Anggraeni et al., 2013; Ariani & Utomo, 2017). As an economic sector, MSMEs have positively contributed to economic development, especially to the equitable distribution of income of people who are in the scope of workers and have low education levels (Novitasari, 2022). Therefore, MSMEs are referred to as a source of employment for productive labor. MSMEs are believed to be able to stabilize the financial system and economy because they have a high economic resilience (Saputro & Sutrasna, 2022). In this case, MSMEs play an essential role in the Indonesian economy because they significantly contribute, especially in forming gross domestic product. The contribution of MSMEs to GDP is 61.07%, or worth 8,573.89 trillion rupiahs (Kamsidah, 2022).

The number of MSMEs in Indonesia currently reaches 64.2 million, with a considerable contribution (Wulandari & Siswanti, 2023). MSMEs also absorb quite a lot of labor, reaching 97% of the total workforce in Indonesia. In addition, the total investment absorbed by MSMEs is also relatively high at 60.4%. This figure shows that MSMEs could grow. In 2020-2021, many businesses experienced bankruptcy due to the COVID-19 pandemic, causing a 57% decrease in income. However, in reality, MSMEs are still an alternative to sustain the community's local economy, and these MSME players still expect local products as one of their sources of income (Agustriyana dkk., 2021).

The ability of MSMEs to survive is because they are flexible and easy to innovate, both in their business activities and in the application of the technology used, as well as the ease of bureaucracy (Afriani, 2016). Another reason that causes MSMEs to survive is because MSMEs produce products/services that meet the community's needs. Besides that, MSMEs also utilize local resources regarding workers and raw materials (Kusuma dkk., 2022). Therefore, MSMEs are one-way regional creative products can be recognized and have business opportunities for business actors in an area. As is the case with traditional food processing carried out by one of the MSMEs in Malang Regency, to be precise at UMKM Arlosa in Ngenep Village, Karangploso District, Malang Regency. The MSME has produced traditionally processed food products based on local wisdom.

However, due to the limited facilities and infrastructure supporting production, the food produced is still limited and cannot meet all consumer demand. In addition, the products produced by Alrosa MSMEs also cannot be durable. If given a touch of traditional food technology, it can raise the economic level of the local community. In addition, the simple way of packaging products using plastic mica makes the product seem unattractive. At the same time, Product packaging design is a tip to strengthen the perception of product quality (Kurniawan dkk., 2020). Based on the above background, it is necessary to provide training and assistance on the use of technology and training on product packaging for Alrosa MSMEs. This is so that the products produced are of higher quality, durable, and in demand by many consumers.

Based on the situation analysis, this community service aims to:

1. Provide training and assistance for Alrosa MSME players to utilize technology to improve the quality of the products produced so that the products are more durable and preferred by the public.
2. Provide training on packaging traditional food products to make them look attractive while still emphasizing their traditional side.

Method

The target of this community service is MSME Alrosa, which involves several participants, including all members and management of MSME Alrosa, Faculty of Economics and Business, Universitas Negeri Malang. The proposed team consists of three lecturers with economic expertise and 2 students. This community service is located at the Alrosa MSME production house, precisely in Ngenep Village, Karangploso District, Malang Regency.

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The method used in this community service activity consists of 3 stages, namely:

1. Identification. At this stage, the service team came to Alrosa MSMEs. This visit aimed to observe the production activity process while knowing the problems. In addition, this identification activity is also carried out through interviews with the owners of MSMEs.
2. Activity implementation. At this stage, the service team conducted training and mentoring for Alrosa MSMEs to help solve the problems that occurred in Alrosa MSMEs.
3. Program evaluation. This evaluation activity is carried out to determine the achievements of MSMEs after training and mentoring activities.

Result

The Community services carried out through training and mentoring activities for production optimization are running well and smoothly. The activity was carried out from May to July 2023 at the Alrosa MSME production house in Ngenep Village, Karangploso District, Malang Regency. The community service activities that have been carried out will be described as follows.

1. Identification

The first activity carried out by the service team was to visit Alrosa MSMEs to ask for approval as well as make initial observations.

Figure 1. Preliminary Observations at Alrosa MSMEs



Figure 2. Bakpia Kacang hijau Production of Alrosa MSMEs



Figure 3. Gula Kacang Produced by Alrosa MSMEs



2. Activity Implementation

In this community service, participants were given training and assistance on processing and packaging procedures for processed food products to improve the quality and competitiveness of MSME products. Through this training, it is hoped that MSME players will be skilled and capable of choosing materials or types of packaging that are by standard rules that do not hurt processed food products.

In addition, the service team also introduced various technologies that can be used to increase the quantity and quality of products produced. It explained the benefits obtained by utilizing food technology.

Figure 4. Presentation Activities



Figure 5. Handover of Spinner and Oven Machines



Figure 6. Photo Documentation with Participants and Community Services Team



3. Program Evaluation

Based on the community services team's evaluation, this community services activity generally runs orderly and smoothly, and there are no significant obstacles. In addition, the desired target has also been achieved. At the end of the training session, participants were also asked to provide criticism and suggestions regarding the training program that had been provided for better program development in the future. Based on the evaluation results, the participants mentioned that this training program has benefited Alrosa MSMEs in improving the quality and quantity of production. In the future, it is hoped that there will be other programs for creating higher-quality products.

Discussion

Strengthening MSMEs (Micro et al.) is an effort to improve the competitiveness and capabilities of micro, small, and medium enterprises (Gunartin, 2017). MSMEs have an essential economic role, especially in creating jobs, increasing community income, and reducing poverty. Based on preliminary observations, information was obtained that the Arlosa MSME was established in 2018. Starting from the interest of a housewife who likes to participate in training activities to make processed food organized by the Malang Regency Cooperative and Micro Business Office. Therefore, the owner of this MSME established this traditional food business by utilizing natural raw materials based on her experiences. The ingredients made to make these food products are straightforward, and the price is affordable. The products produced by Arlosa MSMEs include traditional foods such as mung bean *bakpia*, gula kacang, carang mas with raw materials derived from sweet potatoes, *bakpia* with raw materials derived from mbote (taro yam), and other processed food products.

The business, which has been running for 4 years, has earned an income of around Rp 3,000,000 - Rp 6,000,000 rupiah per month, with products produced reaching 100-200 packs. Regarding product marketing, Alrosa MSMEs are fine because MSME owners actively participate in online marketing training activities. These MSME products are usually marketed offline as tourist souvenirs, such as the *Pasar UMKM* Karangploso to Pujon Kidul, or in bazaar activities held by the Office of Cooperatives and Micro Businesses in Malang Regency. Online marketing uses social media through WA Business, Instagram, and TikTok Shop. The owner is also active in using social media so that the most from online sales.

The demand for mung bean *bakpia* can reach two to three times during school holidays, Idul Fitri, and wedding souvenirs in the village or even as souvenirs. However, due to the limited facilities and infrastructure supporting production, the food produced by Alrosa MSMEs still needs to be improved. In addition, the products produced by Alrosa MSMEs are also not durable. If given a touch of technology, these traditional foods can raise the economic level of the local community. In addition, the simple way of packaging products using plastic makes the product seem unattractive. Therefore, based on the initial identification, tools are needed to help increase the production produced by Alrosa MSMEs. In addition, socialization

and assistance are also needed regarding product packaging so that it looks attractive while still highlighting its traditional side.

In the community services program, the team also provided a spinner machine and oven machine to help increase the quantity of products produced. Through this spinner machine, the oil content of processed food products from Alrosa MSMEs can be maximally reduced (Sugandi dkk., 2018). The machine works by draining the oil by rotating at a certain speed so that the processed food becomes more durable (Handayani, 2020). Spinner benefits fried food processing businesses such as fruit chips, banana chips, tofu chips, tempe chips, shredded and others. In addition, it is also suitable for health because it can reduce the cholesterol content in food and make fried food not stale quickly (Radistya dkk., 2023).

Meanwhile, the oven machine provided to Alrosa MSMEs can be used to bake various types of products. The Food oven machine and culinary ingredients are used in the food processing industry (Su'udy dkk., 2022). This tool can dry or reduce the water content in a product (Saputra, 2020). In addition, it also functions to maintain product durability (natural preservatives, not chemicals). That way, this machine will be beneficial so that the products produced can be durable.

Conclusion

The result of the community services program is an increase in the quality and quantity of Alrosa MSME food products. The quality of the product increased due to the spinner machine, which helps reduce oil content in food production. In addition, the quantity of products also increased with the oven machine given to Alrosa MSMEs. In addition, training on packaging also plays a vital role in improving product quality because the function of packaging is not only protective but also affects consumer interest in choosing a product. Moreover, the products offered are already widely on the market. Based on all the community service programs in Alrosa MSMEs, the program is generally well-received and helpful in improving the quality of Alrosa MSME products.

Acknowledgments

Thanks to the Faculty of Economics and Business, University of Malang, which has supported the community services program so that it can be carried out and run smoothly. The community services team also thanked Alrosa MSMEs for helping implement the community services program. Hopefully, this program can be helpful specifically for Alrosa MSMEs and, in general, for the local community.

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