

## UMKM Naik Kelas: Economic Strengthening Strategy Through Product Optimization to Enhance MSMEs Performance

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### Abstract

**Purpose:** Omah Singkong MSMEs focuses on processing frozen tubers and has significant potential in the local economy of Malang City. The purpose of this community service is to provide comprehensive assistance by utilizing technology, especially the vacuum sealer machine, to improve product quality and competitiveness and marketing strategies. Consequently, this MSMEs is expected to expand its market share, increase income, and become a pillar of a sustainable and inclusive local economy.

**Method:** The following methods were used: 1) problem identification; 2) implementation of activities; and 3) program evaluation. These activities were carried out at the Omah Singkong MSMEs, Karangploso, Malang Regency.

**Practical Applications:** The results of this community services activity are evident in the improved quality and competitiveness of Omah Singkong MSMEs products using the Vacuum Sealer machine to improve packaging efficiency and extend the shelf life of frozen products. Moreover, the provided managerial training has a positive impact by enhancing skills in operational management, stock management, and marketing strategies, preparing MSMEs to take a more active role in supporting local economic growth and improving the welfare of society.

**Conclusion:** This community service program improved Omah Singkong MSMEs' product quality and competitiveness through vacuum sealer technology and managerial training. These enhancements support market expansion, income growth, and the MSMEs' role in Malang's local economy.



## Introduction

The development and growth of MSMEs plays a very important role in the economy (Hidayat & Andarini, 2021). In Indonesia, the number of MSMEs has reached 64.2 million and has made a significant contribution. Additionally, MSMEs also provide employment opportunities and have the potential for further growth (Nainggolan, 2020). However, many businesses have gone bankrupt due to the COVID-19 pandemic, resulting in a 57% decrease in MSME income (Hernikawati, 2022; Nurlinda & Sinuraya, 2020). Nevertheless, MSMEs continue to serve as an alternative to support the local economy (Yamani et al., 2019) and MSMEs operators still rely on local products as a source of income (Endaryono & Djuhartono, 2018).

MSMEs have proven to be very resilient because they can survive during economic crises and make a significant contribution to national development (Mardanugraha & Akhmad, 2023). The strength of MSMEs lies in their flexibility and ability to innovate in both business activities and the use of simple technology, as well as their uncomplicated bureaucratic procedures. Another factor that supports the resilience of MSMEs is that the products and services they produce meet the needs of the community, as well as the utilization of local resources, both in terms of labor and raw materials (Nurlinda & Sinuraya, 2020).

Omah Singkong is an MSME in Malang City that specializes in traditional food processing. It has been in operation since 2016. Initially, it was just a simple fried food seller, but it has now evolved into a business that offers frozen tuber products. This transformation began with a commitment to improving product quality and meeting a wider market demand. Through innovation and creativity, it has successfully developed various types of frozen foods based on tubers. These frozen products not only maintain a delicious traditional taste but also have a longer shelf life, enabling them to reach consumers in various regions and significantly increase the company's revenue. Every year, Omah Singkong MSMEs continues to innovate by introducing new food and beverage products. Their latest innovation is the beras kencur latte drink, which offers a unique taste derived from a combination of herbal medicine and milk, making it a product not yet available on the market.

The owner of Omah Singkong MSMEs is always striving to enhance the quality of its products to elevate its status as a "UMKM Naik Kelas" (MSMEs Upscale). UMKM Naik Kelas can elevate their status by improving the quality of products and services, enabling them to compete with products from larger companies (Sutandi et al., 2020). Moreover, they must ensure that the products they produce meet high-quality standards and provide satisfaction to customers (Mulyaningsih & Rahman, 2022).

However, the products from Omah Singkong MSMEs have no standards to be classified as "UMKM Naik Kelas". The products are frequently repackaged and tend to break easily. They are packaged using plastic due to limited tools, making them ineligible for inclusion in the "UMKM Naik Kelas". Despite this, there is an opportunity for the Omah Singkong MSMEs to improve their product quality because they are registered with PIRT (Household Permit) and have halal certification. Therefore, there is a need to optimize product quality so that Omah Singkong MSMEs can upgrade their products.

One attempt to optimize the quality of the product is to use vacuum sealer machine technology. This technology helps ensure that food products meet the standards required to become MSMEs Upscale. By using vacuum sealer machines, the shelf life of food ingredients can be extended while maintaining their quality and taste (Wibawanto et al., 2023). Additionally, this technology removes oxygen from food ingredients, enhancing their hygiene and protecting them from bacteria and fungi. By assisting MSMEs in enhancing their product standards, it is hoped that this will open opportunities to access both local and international markets, as well as foster sustainable growth.

In addition to optimizing products, improving MSMEs' performance is also the focus of this service. A holistic approach will be applied to understand and enhance the efficiency and effectiveness of MSMEs, covering operational management and marketing. By providing support to increase managerial capacity and business expertise, we aim to help MSMEs adapt to market changes and gain competitive advantages. Based on this background, it is necessary to provide training and assistance on technology usage and improving performance for Omah Singkong MSMEs. This will enable them to play a more proactive role in supporting local economic growth, creating jobs, and enriching the business ecosystem at regional and national levels.

The objectives of this program are to improve the product quality of Omah Singkong MSMEs to increase competitiveness and advance them to the next MSME level, ensure their products meet high-quality standards that satisfy customer needs, encourage the adoption of technology like vacuum sealers to elevate product standards and extend shelf life, and provide training to enhance the managerial skills and business expertise of MSME owners. The benefits expected from these efforts include enhanced product quality for better market competitiveness, increased contribution to local and national economic growth, improved food safety leading to greater customer trust, and an improved capacity to adapt to market changes and establish competitive advantages.

### **Method**

The target of this community service activity is the Omah Singkong MSMEs, which involves collaboration among several parties, including the owner of Omah Singkong, the Faculty of Economics and Business at the State University of Malang, and a community service team composed of lecturers and students. The activity took place at Omah Singkong MSMEs, located in Karangploso, Malang Regency. This community service focuses on developing MSMEs through two main aspects: product optimization and performance enhancement.

This Community Services Activity focuses on developing MSMEs with two main aspects, namely product optimization and improving performance of MSMEs. The steps for implementing this community service are as follows:

1. Problem Identification
  - a. Identifying participant needs
  - b. Preparing a training plan
2. Program Implementation
  - a. Introduction
  - b. Providing material
  - c. Q&A session
  - d. Program evaluation
3. Program evaluation

### **Result**

The community services activities, which included training and mentoring to boost the MSMEs economy, were successful. The program took place from June to July 2024 at the Omah Singkong MSMEs, Karangploso, Malang Regency.

The initial step taken was to visit the Omah Singkong MSMEs to obtain approval and conduct initial observations. At this stage, the owner Omah Singkong showed various products that had been developed, provided detailed explanations of the production process, and conveyed various challenges faced in efforts to improve product quality. The products produced include frozen tuber products such as cheese cassava, crispy gethuk, chocolate jembem, sweet potato sticks, and others. In addition, Omah Singkong MSMEs also produces health drinks such as lemongrass telang lemon, turmeric tamarind, sinom, beras kencur, and others.

Figure 1. Jamu produced by Omah Singkong MSMEs



Figure 2. Gethuk crispy produced by Omah Singkong MSMEs



Figure 3. Jemblem Coklat Meletus produced by Omah Singkong MSMEs



Figure 4. Sereh Telang produced by Omah Singkong MSMEs



In this community services activity, participants were given training and mentoring on how to optimize product quality and improve the performance of MSME businesses. The training includes how to use vacuum sealer machine technology, which can extend the shelf life of food ingredients and maintain quality and taste. Regarding this program, the owner

Omah Singkong MSMEs has the skill and capability of choosing and using packaging technology that meets high-quality standards so that products are more hygienic and safer from bacterial and fungal contamination. In addition, participants are also taught about the benefits of using food technology, such as increasing production efficiency and the ability to compete with products from large companies.

In this community services activity, the owner Omah Singkong MSMEs taught training on marketing aspects that focused on effective marketing strategies using of social media and digital platforms to expand market reach, direct marketing techniques, and the development of strong branding to attract consumer attention.

Figure 5. Presentation Activities



Figure 6. Provide Vacuum Sealer Machine



Figure 7. Photo Documentation with Participants and Community Services Team



Evaluation activities of the community services include a comprehensive assessment of the effectiveness of the training and mentoring provided to MSMEs Omah Singkong. The evaluation started by collecting participant feedback regarding the understanding and



application of the material taught. Furthermore, the community services team also conducted periodic monitoring to observe the development of MSMEs' performance, including their ability to implement new technologies such as vacuum sealer machines and marketing strategies. The results of this evaluation are used to identify problems that require further improvement and provide recommendations for further development steps.

Based on the evaluation results, the community service activities have shown positive results. First, training in the use of vacuum sealer machine technology has succeeded in improving the quality and durability of Omah Singkong MSMEs tuber processed products, as evidenced by participant feedback stating the ease and benefits of this technology in their production process. Second, the increase in managerial capacity in operational and marketing aspects is also significant, with MSMEs being able to manage production more efficiently and develop more effective marketing strategies, including the use of social media and digital platforms.

## **Discussion**

UMKM Naik Kelas is a new paradigm in MSME development that emphasizes improving quality, innovation, and competitiveness (Mulyaningsih & Rahman, 2022; Sijabat, 2020). This concept not only focuses on economic growth but also on transforming MSMEs into an entity that can compete in the global market (Sedyastuti, 2018). In this context, MSMEs are not only considered as drivers of the local economy but also as agents of change that can improve the quality of life of the community and support sustainable development (Qadisyah et al., 2023). With a holistic and sustainable approach, UMKM Naik Kelas encourages MSME actors to continue to improve their capabilities through product development, increasing productivity, and strengthening networks and collaboration with various stakeholders (Sutandi et al., 2020)

UMKM Naik Kelas is one of the strategies for strengthening MSMEs. The Omah Singkong MSMEs have shown a commitment to developing frozen tuber products as part of transforming its traditional fried food business. However, there are still several aspects that need to be improved. One aspect that needs attention is the quality of the product, which needs to be improved to compete in an increasingly competitive market. These aspects include taste, packaging, and product durability that can maintain its quality for a longer period.

To support Omah Singkong MSMEs in achieving the UMKM Naik Kelas standard, the community service team assisted in the form of a Vacuum Sealer machine. This machine is expected to help in the product packaging process more efficiently and hygienically, increase product durability, and maintain its quality. This step is a concrete step to support MSMEs in increasing innovation in their production process, which is one of the keys to success in the UMKM Naik Kelas concept. With this machine, it is hoped that Omah Singkong MSMEs can expand its market reach and increase consumer confidence in its products.

Integrating the concept of UMKM Naik Kelas with a local economic strengthening strategy, Omah Singkong MSMEs has a great potential to provide significant positive impacts. In addition to increasing the production capacity and competitiveness of MSMEs, this approach also has the potential to accelerate overall local economic growth. By continuously optimizing their products, expanding market share, and improving business infrastructure, Omah Singkong MSMEs not only become strong drivers of the local economy but also support sustainable and inclusive economic growth at the regional and national levels.

The implementation of the UMKM Naik Kelas concept at Omah Singkong MSMEs shows that with the right support, MSMEs can improve its ability to face the challenges of the global market. By focusing on improving product quality, innovation, and operational efficiency, MSMEs can play an important role in driving the local economy and improving the welfare of society.

## Conclusion

The implementation of the UMKM Naik Kelas concept at Omah Singkong MSMEs has shown success in improving product quality, innovation, and competitiveness in an increasingly competitive market. Through the assistance of the Vacuum Sealer machine in community service activities, UMKM has succeeded in increasing efficiency in the product packaging process, as well as increasing the durability and overall quality of the product. This step also supports the strengthens consumer confidence in the local products produced.

The integration of the UMKM Naik Kelas concept with the local economic strengthening strategy shows great potential to drive sustainable economic growth. By focusing on improving product quality, expanding markets, and improving business infrastructure, Omah Singkong MSMEs can play an important role in driving the wheels of the local economy. This approach not only increases the competitiveness of MSMEs in the global market but also has a significant positive impact on inclusive and sustainable economic development at the local and national levels.

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