

# The Effectiveness of Micro-Enterprises In Enhancing The Economic Welfare of Communities

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## ABSTRACT

The micro-business of donut production plays a role in alleviating community welfare issues and reducing unemployment rates in the area. It also fosters creativity that aligns with efforts to preserve and develop elements of the local culture. On another note, micro-enterprises like these are capable of absorbing labor, thus decreasing unemployment levels. The effectiveness of the Mawar Donut micro-business in enhancing economic welfare is under scrutiny. To determine how effective the Mawar Donut micro-enterprise is in improving economic welfare, qualitative research is conducted. This research aims to describe and analyze phenomena, events, social activities, attitudes, beliefs, perceptions, and thoughts of individuals or groups through qualitative data with a case study approach. Data collection techniques include observation, interviews, and documentation. In this research, documentation refers to the process of collecting data by studying and noting important parts from official records found in both the research location and other influential institutions. This is because the data obtained consists of descriptions or information from interview activities. The findings at Mawar Donut indicate that interviews with Mrs. Ulfah Khofifah, the owner of Mawar Donut store, show effective results regarding the improvement of community welfare around the store. With its strategic location near schools among other areas, Mawar Donut not only enhances its own prosperity but also supports the general economy of the community. Therefore, Mawar Donut has become a business model that caters to all its customers' needs, whether for resale or daily consumption.

**Keywords:** Economic Welfare, Micro Business Effectiveness

## INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are the most strategic national economic sector that affects the livelihood of many people, making them the backbone of the national economy. MSMEs also represent the largest group of economic actors in Indonesia's economy and have proven to be a safety net for the national economy during economic crises and a disseminator of post-crisis economic growth (Medriyansah, 2017). According to the Banten Central Statistics Agency (BPS), welfare is a condition where the physical and spiritual needs of a household are met in accordance with their standard of living.

To measure welfare, BPS (Central Statistics Agency) has several indicators, one of which is income as a measure of welfare. Efforts to enhance rural community welfare are reflected in the goals of large-scale economic development, which have now become a top development priority. This aligns with Presidential Instruction No. 6 of 2009 on supporting creative economic development. This support is expected to develop (firstly, July 25, 2017) an economy in rural areas that can significantly impact the overall economy. The influence of micro businesses within

communities is immense, especially in empowering those without jobs. At a minimum, individuals from the community can meet their personal needs and stay far from poverty. Micro businesses are productive ventures for individuals to meet micro business criteria.

The growth of small businesses that create jobs for the local community is significant. Government support can be a game-changer for these burgeoning industries, providing assistance in various aspects to help them evolve from small to large and robust entities capable of overcoming challenges. Rural industries not only supplement family income but also support agricultural activities, which are the main livelihood for most rural communities. These rural industries play a crucial role in reducing poverty and enhancing the well-being of rural societies. After conducting observations, it's clear that research on the effectiveness of micro-enterprises is needed, hence the title of this study is "The Effectiveness of Micro Enterprises in Improving Economic Welfare of the Community."

According to James L Gibson and colleagues, effectiveness stems from the word "effect," which signifies a cause-and-effect relationship. Effectiveness means that planned goals are achieved, or in other words, targets are met through a process (Pasolong, 2013). A micro enterprise is a productive business owned by an individual or a personal business entity that meets the criteria set by law, with a maximum asset criterion of 50 million and a maximum turnover criterion of 300 million rupiah (Hasri et al., 2014).

In terms of their development perspective, Micro, Small and Medium Enterprises (MSMEs) can be classified into four groups (Azrul, 2017):

1. Livelihood Activities refer to micro, small, and medium enterprises (MSMEs) that serve as employment opportunities for earning a living, more commonly known as the formal sector. An example would be street vendors.
2. Micro Enterprise is a type of micro, small, and medium enterprise (MSME) that has artisanal qualities but has not yet developed entrepreneurial characteristics.
3. Small dynamic enterprise is a micro, small, and medium enterprise (MSME) that possesses an entrepreneurial spirit and is capable of taking on subcontracting work and exporting.
4. Fast moving enterprise is a micro, small, and medium enterprise (MSME) that has an entrepreneurial spirit and is in the process of transforming into a large business.

Prosperity, as defined in the Great Dictionary of the Indonesian Language, means safe, peaceful, prosperous, and secure from all kinds of disturbances, difficulties, etc. This definition aligns with the Islamic understanding of being healthy, peaceful, safe, and tranquil (Moeliono, 2012). From this definition, it can be understood that the concept of prosperity is in line with Islam's mission itself.

## RESEARCH METHODS

### Research Methods

The research method used in this study is a qualitative case study approach, focusing intensively on a specific object to explore a case, with information gathered from various sources involved. Data collection techniques are tailored to the situation and conditions of the subject under study, simplifying the gathering of data and facts in the field. Once the research is completed, the collected data is first sorted by certain variable groups and analyzed through: 1. Data Collection, which involves seeking, recording, and compiling data through interviews, documentation, and observations related to the Effectiveness of Micro Enterprises in Improving Economic Welfare of the Community; 2. Data Reduction, where field observations and interviews yield an overwhelming mix of data, prompting researchers to streamline it. Data reduction is a research activity within Sifting through data deemed relevant for presentation (Muzdalifah, 2018); 3. Data Presentation, after data reduction, the next step is data presentation. In qualitative research, this can take the form of brief descriptions, charts, relationships between categories, and through such organized data presentation, patterns emerge making it easier to understand. Displaying the data simplifies the process of comprehending what's happening and planning future work based on these insights (Fajarini, 2017). This includes a. Triangulation, where researchers use various data collection techniques to gather information from the same source. They employ participatory observation, in-depth interviews, and documentation simultaneously for the same data source. Source triangulation means obtaining data from different sources using the same technique (Sugiyono, 2016); b. Drawing conclusions, Verification means drawing preliminary conclusions that are tentative and subject to change if not supported by strong evidence in subsequent data collection phases. However, if initial conclusions are backed by valid and consistent evidence when researchers return to the field for more data collection, then those conclusions are considered robust.

## RESULTS AND DISCUSSION

Mawar Donuts was established in 2013, and we specialize in the sale of snack foods. The snacks we offer are unique Nusantara-style donuts, which stand out from the ones already available in the market. Our main menu features a variety of flours and fillings inside these Nusantara donuts. What sets Mawar Donuts apart is that we don't use preservatives, and we insist on high-quality ingredients, ensuring a healthy yet delicious experience. As for product introduction, it's done directly to the community in highly strategic locations bustling with activity, making it convenient for donut enthusiasts to savor the taste of our products. By prioritizing product quality and a strategic location, "Mawar Donuts" is poised to compete with

other similar businesses.

The interview results on the effectiveness of micro-enterprises in enhancing community economic welfare align with the research by Fauzi Nurhidayat et al., (2023) and Sulfati, (2018). Interviews conducted with the owner, employees, and customers of MAWAR DONAT revealed that MAWAR DONAT is indeed effective in boosting economic prosperity. Based on a study at MAWAR DONAT store on November 4, 2021, at Jl. Laskar Ampera, Desa K aduagung Rangkasbitung, it was found that the business positively impacts the local community's welfare. MAWAR DONAT caters to every customer's needs, whether for resale or personal consumption over three days. The shop has significantly contributed to improving the well-being of people around the area, particularly in school zones, supporting both the enterprise and the local economy.

This research concludes that there is a significant impact on economic welfare among the community at Jl. Laskar Ampera, Desa Kaduagung Rangkasbitung due to the effectiveness of MAWAR DONAT store.

## CONCLUSION

The conclusion drawn is that the welfare of the community around Rose Donut shop is positively impacted. The presence of such businesses in areas like school zones not only enhances the prosperity of Rose Donut but also supports the local economy at large. Rose Donut has become a go-to business for its customers, whether for resale or daily consumption, offering a taste that ensures customer satisfaction with every purchase. The service at Rose Donut shop is highly satisfying, contributing to the customers' buying interest. Furthermore, the shop offers comprehensive facilities such as direct ordering and delivery by staff, resulting in effective outcomes that leave customers feeling content and comfortable with both the shop and the service provided by the employees, while the owner's guidance adds to the overall pleasant experience.

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