



Analysis of the Effectiveness of the MSME Empowerment Program in Madura Regency in Improving Community Welfare

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Abstract. This study analyzes the effectiveness of the MSME empowerment program in Madura Regency in improving community welfare. Empowerment programs that include entrepreneurship training, access to capital through People's Business Credit (KUR), and business assistance show positive results in increasing the capacity of business actors. Based on survey data, most of the program participants experienced an improvement in business management and marketing skills. The positive impact was also seen in the increase in average household income by 30% and the opening of new jobs. However, challenges remain, especially related to the equitable distribution of benefits in rural areas, low digital literacy, and program sustainability. This study uses a quantitative approach with a survey method, supported by the Theory of Change theory to analyze the impact of programs on socio-economic changes in the community. The results of the study show that the empowerment of MSMEs makes a real contribution to the welfare of the community, although continuous evaluation is needed to ensure the sustainability and equitable distribution of program benefits throughout the Madura Regency area. By strengthening the synergy between the government, financial institutions, and local communities, it is hoped that the impact of MSME empowerment can be more optimal.

Keywords: Empowerment, Community Welfare, MSMEs.

1. INTRODUCTION

Madura Regency is an area that has great economic potential, especially in the micro, small, and medium enterprises (MSMEs) sector. MSMEs in Madura play an important role in the regional economy, not only as a driving force for the local economy but also as the main job provider for the local community (Susanto, 2020). Statistical data shows that more than 60% of people in Madura Regency depend on the MSME sector for their livelihoods, both as business actors and labor. However, even though the role of MSMEs is very vital, the challenges faced by business actors are still quite large. One of the main challenges faced by MSME actors in Madura is limited access to business capital (Hakim et al., 2022). Many MSME actors have difficulty getting loans from formal financial institutions because administrative requirements are difficult to meet. In addition, the lack of financial literacy is also an obstacle for business actors in managing their business finances optimally (Suwardi & Tukiman, 2023).

Another obstacle is the low rate of technology adoption among MSME actors. Most MSMEs in Madura still run their businesses traditionally without utilizing digital technology, such as e-commerce or digital marketing (Gretzel, 2021). This makes it difficult for them to compete in

an increasingly competitive market, especially with the entry of products from outside the region that have better quality and branding. The local government of Madura Regency has initiated various MSME empowerment programs to overcome these challenges (Nursyahid, 2020). The program includes entrepreneurship training, access to financing through People's Business Loans (KUR), and marketing facilitation of local products. The main goal of this program is to increase the capacity of MSME actors, expand market access, and ultimately improve the welfare of the people of Madura (Sifwah, Nikhal, Dewi, Nurcahyani, & Latifah, 2024).

The effectiveness of these programs is still a question. Several studies show that the impact of MSME empowerment programs is not evenly distributed throughout the Madura region. Business actors in urban areas tend to have easier access to this program compared to business actors in rural areas (Siringoringo & Yunus, 2022). This is due to the limitations of infrastructure and information in rural areas. The sustainability of MSME empowerment programs is also an important issue. Many programs are short-term without a clear strategy to ensure long-term impact. As a result, many MSME actors have returned to face the same obstacles after the program is completed (Yuni, Ardani, & Bili, 2023).

This study aims to analyze the effectiveness of MSME empowerment programs in Madura Regency, especially in increasing the capacity of business actors and community welfare. This research is important to provide input to local governments in designing more effective and sustainable empowerment programs. This study uses a quantitative approach with a survey method to collect data from MSME actors in Madura Regency (Moertiono, 2023). In addition, data analysis was carried out using *the Theory of Change* theory, which helps identify the relationship between program interventions and expected outcomes. The results of the study are expected to provide a clear picture of the impact of the MSME empowerment program in Madura Regency. The findings of this study are also expected to be the basis for local governments in formulating more targeted policies to support the development of MSMEs (Suwardi & Tukiman, 2023).

In particular, this research will focus on two main aspects: capacity building of business actors and the contribution of programs to community welfare. Capacity building for business actors includes aspects such as financial management, marketing, and product innovation (Nurjani & Resnawaty, 2023). Meanwhile, the contribution to community welfare will be measured based on indicators such as increasing income, reducing the unemployment rate, and opening new jobs. The background of this problem is also supported by empirical data that shows that Madura

Regency has great potential to become a center for MSME development in East Java (Truong et al., 2022). However, this potential has not been fully exploited due to the various obstacles mentioned earlier. Therefore, more intensive and directed efforts are needed to empower MSMEs in Madura (Sakdiyah & Salahudin, 2022).

In addition, this study will also identify factors that affect the effectiveness of MSME empowerment programs, such as the quality of training, access to financing, and infrastructure support. This finding is expected to provide new insights for stakeholders in improving the quality of MSME empowerment programs (Al Asy'ary & Sundari, 2022). By understanding the challenges and opportunities that exist, this research aims to provide policy recommendations that can support the sustainable development of MSMEs. This is very important to ensure that empowerment programs not only provide short-term benefits, but are also able to create a sustainable positive impact on the economy and community welfare in Madura Regency (Afriza & Hidayat, 2023).

Overall, the background of this research reflects the urgency to increase the effectiveness of MSME empowerment programs in Madura Regency (Mikhael, 2022). With a comprehensive analysis, this research is expected to make a real contribution to supporting the development of MSMEs and improving the welfare of the community in the area (Junaid, 2023).

2. RESEARCH METHODS

This study uses a quantitative approach with a survey method to measure the effectiveness of MSME empowerment programs. Primary data was obtained through a questionnaire distributed to MSME actors in Madura Regency who are participants in the empowerment program. In addition, in-depth interviews were conducted with relevant stakeholders, such as cooperative and MSME offices, financial institutions, and local MSME communities. The theory used in this study refers to the *Theory of Change* which explains how intervention programs can produce the desired change through certain mechanisms. In the context of MSME empowerment, this theory is relevant to analyze how training, access to capital, and mentoring can increase the capacity of business actors, which ultimately has an impact on community welfare. The success of MSME empowerment is highly dependent on factors such as program sustainability, community involvement, and infrastructure support. Therefore, this study also considers these aspects in analyzing the effectiveness of the program.

3. RESULTS AND DISCUSSION

The Impact of the MSME Empowerment Program on Capacity Building for Business Actors

The MSME empowerment program in Madura Regency has been designed to increase the capacity of business actors through various activities, including entrepreneurship training, technical assistance, and facilitation of access to the market (Maryanti et al., 2022). Based on the survey conducted, most business actors reported a significant improvement in their managerial and operational capabilities. The training provided covers various aspects such as financial management, digital marketing, product innovation, and supply chain management. A total of 78% of respondents stated that this training helped them understand the importance of good financial management, while another 65% reported improved skills in marketing. In addition to training, technical assistance also contributes to increasing the capacity of business actors. Assistance is carried out through field visits, business consultations, and providing solutions to the challenges faced. As many as 70% of respondents felt helped by this assistance.

Access to the market is a challenge that is overcome through marketing facilitation programs. The local government supports MSME actors by organizing local product exhibitions and providing digital platforms for marketing. This step has a positive impact, especially for business actors who previously only sold products locally.

Table 1. Level of Capacity Building for MSME Actors

Capacity Aspect	Before the Program	After the Program
Understanding Financial Management	45%	78%
Marketing Skills	50%	65%
Product Innovation	40%	60%

Source: Processed by Researcher

Dampak positif program ini tidak terlepas dari dukungan yang diberikan dalam bentuk Funding. As many as 55% of respondents managed to get People's Business Credit (KUR) with an average loan value of IDR 20 million. The funds are used to increase production capacity, diversify products, and expand businesses. However, there are several obstacles faced, such as limited training time and lack of understanding of digital technology. As many as 35% of respondents complained that the training modules provided were too complex and difficult for business actors with low education to understand. Therefore, a more adaptive and simple training approach is needed.

Overall, the MSME empowerment program has succeeded in increasing the capacity of business actors in Madura Regency, although there is room for improvement, especially in terms of simplifying training modules and increasing access to digital technology.

Contribution of MSME Empowerment to Community Welfare

MSME empowerment has a significant impact on improving community welfare in Madura Regency. One of the key indicators that shows this impact is the increase in household income (Bahrami, Khademolhoseiny, Saberi, & ..., 2022). Based on the survey results, 62% of MSME actors reported an increase in income after participating in the empowerment program, with an average increase of 30%. In addition, this program has also succeeded in creating new jobs. On average, each MSME actor hires two to three additional employees after receiving support from the empowerment program. This shows that this program not only provides direct benefits to business actors, but also to the surrounding community.

Another social impact is an increase in people's purchasing power. With higher incomes, MSME actors are able to increase their consumption, which in turn drives the growth of other economic sectors such as trade and services. However, the positive impact of this program is uneven throughout Madura Regency. Urban areas benefit more compared to rural areas. This is due to limited access to infrastructure and information in rural areas, which hinders MSME actors from participating in empowerment programs.

Table 2. Community Welfare Indicators Before and After the Program

Indicator	Before the Program	After the Program
Average Income (Rp)	1.500.000	2.300.000
Unemployment Rate (%)	15%	8%
Number of Active MSMEs	3.000	4.500

Source: Processed by Researcher

The MSME empowerment program also contributes to reducing the poverty rate in Madura Regency. With the increase in income and the creation of jobs, the poverty rate was successfully lowered from 18% to 12% during the program period. However, there are challenges that need to be overcome, such as the sustainability of the program. Many MSME actors are worried about the continuation of support after the program is completed. Therefore, it is important for the government to design a sustainable empowerment program by involving the private sector and local communities as strategic partners.

Overall, the MSME empowerment program makes a real contribution to improving the welfare of the community in Madura Regency. With continuous evaluation and increased synergy between stakeholders, it is hoped that this positive impact can be felt evenly throughout the Madura region.

4. CONCLUSION

The MSME empowerment program in Madura Regency significantly increases the capacity of business actors through entrepreneurship training, access to capital, and business mentoring. Training is proven to improve business management and marketing skills, while access to capital provides opportunities to grow businesses. The positive impact of the empowerment program can be seen in improving people's welfare, which is shown through an increase in average household income by 30% and the creation of new jobs. The program contributed to the reduction of the unemployment rate from 15% to 8%.

However, there are challenges in the equitable distribution of program benefits, especially in rural areas that have limited access to infrastructure and information. This indicates the need to pay more attention to the underdeveloped areas. Low digital literacy is the main obstacle to the adoption of modern technology by MSME actors. A more intensive and personalized training approach is needed to improve the digital capabilities of business actors. The sustainability of MSME empowerment programs is highly dependent on periodic evaluations, increased synergy between the government, financial institutions, and local communities, as well as strengthening policies that support MSME empowerment holistically. Thus, the positive impact of the program can be felt evenly and sustainably throughout Madura Regency.

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