



# MSME Empowerment Strategy to Enhance Market Competitiveness through the KKNT MBKM Program

## Strategi Pemberdayaan UMKM dalam Rangka Meningkatkan Daya Saing Pasar Melalui Program KKNT MBKM

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### ABSTRACT

Empowering Micro, Small, and Medium Enterprises (MSMEs) is a crucial strategy for enhancing market competitiveness in Indonesia, particularly in the face of globalization, which requires adaptation and innovation. Through the Thematic Community Service Program (Kuliah Kerja Nyata-KKN) of the Merdeka Belajar Kampus Merdeka (MBKM) initiative of Ahmad Dahlan University, students play an active role in supporting MSMEs in Yogyakarta by providing training and mentoring. This study aims to identify the challenges faced by MSMEs and provide solutions through a technology and innovation-based approach. The results of this program show an increase in MSME actors' understanding of digital marketing and the importance of halal certification, which contributes to increasing the competitiveness of their products.

Keywords: MSME, KKN, Innovation, Technology

**Abstrak:** Pemberdayaan Usaha Mikro, Kecil, dan Menengah (UMKM) merupakan strategi penting untuk meningkatkan daya saing pasar di Indonesia, terutama dalam menghadapi globalisasi yang menuntut adanya adaptasi dan inovasi. Melalui Kuliah Kerja Nyata (KKN) Tematik Merdeka Belajar Kampus Merdeka (MBKM) Universitas Ahmad Dahlan, mahasiswa berperan aktif dalam mendukung UMKM di Yogyakarta dengan memberikan pelatihan dan pendampingan. Penelitian ini bertujuan untuk mengidentifikasi tantangan yang dihadapi UMKM dan memberikan solusi melalui pendekatan berbasis teknologi dan inovasi. Hasil dari program ini menunjukkan adanya peningkatan pemahaman pelaku UMKM terhadap pemasaran digital dan pentingnya sertifikasi halal yang berkontribusi pada peningkatan daya saing produknya.

Kata kunci: UMKM, KKN, Inovasi, Teknologi

### INTRODUCTION

The main challenge faced by a country is to create ideal social conditions and formulate strategies to realize them. One approach to increasing the capacity of society in directing changes towards improving living standards is through social transformation. In the era of globalization, this

transformation is highly dependent on the economic sector as an indicator of government success. Economic growth, in turn, involves the active role of society both as the main actors and beneficiaries of the economic changes that occur (Wati et al., 2024).

Micro, Small, and Medium Enterprises

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(MSMEs) have a strategic contribution in accelerating national economic growth. Based on data from the Ministry of Cooperatives and Small and Medium Enterprises, there are around 65.5 million MSMEs in Indonesia, covering 99% of all business entities. In 2023, the number of MSMEs will increase to 66 million, which significantly contributes to the absorption of labor by creating 117 million jobs, or around 97% of the total workforce in Indonesia (Kurniawan et al., 2024). In a regional context, MSMEs are also the mainstay of the economy in the Special Region of Yogyakarta (DIY). Based on the DIY Bappeda report (2022), the contribution of MSMEs to the regional economy reached 98.4% in 2017, with the ability to absorb 79% of the total workforce. In addition, the high number of tourist visits has also driven the growth of MSMEs in Yogyakarta. DIY Bappeda statistics show an increase in the number of MSMEs from 226,211 units in 2016 to 302,799 units in 2021, underlining the significant role of this sector in supporting the local economy.

In their growth, MSMEs face various obstacles, such as limited access to funding, and low digital literacy (Septiani et al., 2024). Dependence on traditional methods, such as conventional marketing methods through physical stores, manual financial records, and running production processes with minimal automation, hamper the ability of MSMEs to compete optimally in the face of changes that continue to occur in the digital era. Limitations in adopting technology, lack of digital literacy, and minimal access to strategic resources further worsen the competitiveness of MSMEs in an increasingly competitive market. Empowering MSMEs is one of the steps taken by the Indonesian government to address the problems of unemployment, poverty, and income inequality. Empowering MSMEs not only strengthens the local economy, but also improves the welfare of society as a whole, because they contribute to job creation and income equality. Productive economic empowerment aims to reduce unemployment rates by opening up job or business opportunities for job seekers, one of which is through entrepreneurship (Luaylik et al., 2022)

In this case, collaboration from various parties is needed, including the active role of universities. One real manifestation of universities is through the Thematic Community Service Program (KKN) Merdeka Belajar Kampus Merdeka (MBKM) Universitas Ahmad Dahlan (UAD), which is present as a strategic initiative in supporting the empowerment of MSMEs. This program utilizes a technology-based and innovation-based approach, allowing students to have a direct impact on MSMEs in order to increase the competitiveness of MSMEs. Thus, this program not only contributes to strengthening the local economy but also encourages the realization of new entrepreneurs who are adaptive to changing times.

## LITERATURE OR CONCEPTUAL REVIEW

According to Law No. 20 of 2008 concerning MSMEs Chapter 1 Article 1: Micro businesses are productive businesses owned by individuals and/or individual business entities that meet the criteria for micro businesses. Micro, Small, and Medium Enterprises or MSMEs are businesses owned by individuals or independent business entities, not affiliated as subsidiaries of other companies, with business capital criteria that have been set based on certain standards (Hidayat, Lesmana, & Latifah, 2022). MSMEs contribute significantly to driving the development of the Indonesian economy, especially in creating jobs and empowering households (Wati et al., 2024). The contribution of MSMEs is able to reduce the number of unemployed, this shows that the MSME sector is able to absorb a lot of workers, thus supporting the government in reducing poverty levels (Kadeni & Srijani, 2024). Competitiveness is an important factor for both small, medium and small industry players including MSMEs. Competitiveness is a concept that refers to a commitment to market competition to achieve success in an industry. Factors that support competitiveness include expertise, availability of capital, good organizational and management systems (Herman & Rully,

2023). Thus, community empowerment is needed. Conceptually, community empowerment can be defined as a social action by residents of a community who organize themselves in making collective plans and actions to solve the problems faced. This concept reflects a new paradigm in development, namely people-centered, participatory, empowering, and sustainable. This is related to improving product quality so that MSMEs are able to compete in the market (Habib, 2021).

Product Quality Improvement can also be influenced by the exchange of information owned by MSME owners with the Community. In this case, one of those who has the opportunity to improve product quality is Students. Collaboration between students and MSME owners provides innovation, one of which is in improving design skills, project management, and teamwork effectiveness (Chourulbia & M. Nasution, 2024). Collaboration between Students and MSME Owners can occur, one of which is in the Real Work Lecture Program (KKN). In the Real Work Lecture Program, students are expected to be able to help solve problems in society, in addition to aiming to build a sense of sensitivity and social conditions of students (Megawati & Nurfitri, 2023). In addition, in the KKN Program, students are also tasked with providing knowledge and utilizing the expertise of the academic community that is relevant and appropriate for the development of the knowledge of MSME actors (Putri et al., 2023). In various fields of companies, marketing strategy is very important. As stated by Kotler and Keller, each company's marketing strategy is the basis of marketing that aims to generate profitable connections and add value to consumers. On the other hand, Bennett defines marketing strategy as a statement of how a product line or brand achieves its goals. In the marketing industry, a marketing strategy is basically a comprehensive and integrated plan that provides guidance for actions to be taken to achieve a company's marketing goals (Naimah et al., 2020). To increase consumer familiarity with their products, MSMEs must be able to use digital media as part of their product marketing strategy in modern times. MSMEs that have internet access, participate in social media, and hone their e-commerce skills will often see significant increases in revenue, job prospects, competitiveness, and innovation. However, a large number of MSMEs have not adopted information technology, especially digital media, and are not aware of the extent of its benefits and functions (Dewi & Fransiska, 2024).

## RESEARCH DESIGN

Community service by KKNT students of Ahmad Dahlan University was carried out in Rejowinangun Village RW 06. Community service was carried out using a participatory approach and collaboration between students and MSME actors through socialization, training and mentoring which was carried out from September to December 2024. This KKN-T was carried out to help MSME actors to improve the economy. One way is to conduct socialization and training for MSMEs. The methods used by the community service team to help MSMEs to increase market competitiveness include:

### a. Observation

The initial stage carried out by the community service team was field observation to gather information about the obstacles faced by MSME actors. Information was obtained through a survey process, interviews, and discussions with MSME actors. The results of the observation were used for program planning according to the needs of MSMEs. The results of this observation showed that the challenges faced by MSMEs included a lack of understanding of marketing, the importance of branding, and halal certification in increasing consumer trust.

### b. Sosialization

This socialization activity is carried out to provide a better understanding of marketing strategies, product identity formation, and the process, requirements, and benefits of halal certification, which will increase customer trust and improve product competitiveness in the local

market. This activity is carried out in the form of a seminar by presenting expert speakers in halal certification.

c. Training

Activities are carried out to improve the capabilities of MSME actors in terms of:

- Utilization of information technology such as social media and marketplaces
- Strategy for building product identity through training in making logos to make them more attractive
- Administrative and technical procedures for obtaining halal certification including the required documents.

d. Discussion activities

This discussion activity is an important part of this process. Here, MSME actors and UAD KKN-T students share experiences about the problems faced by MSME actors and seek innovative solutions to increase competitiveness.

e. Mentoring

Mentoring is carried out periodically by UAD KKN-T students to ensure that the implementation of socialization and training materials runs well among MSMEs.

## RESULT AND DISCUSSION

The observation results show that MSMEs in RW 06, Rejowinangun Village, Kotagede District face several obstacles, such as lack of understanding about marketing, the importance of branding, and halal certification in increasing consumer trust. Through the socialization and training carried out, MSME actors gain new knowledge about digital marketing strategies and the importance of branding. The activities between students and MSME actors in an effort to increase market competitiveness include the following:

a. Socialization of Logo Creation Using the Canva Application



**Picture 1.1 Canva Socialization**

This activity provides training to MSMEs on creating attractive visual identities using simple graphic design applications, such as Canva. This training aims to increase product appeal and introduce a strong brand identity to consumers.

## b. Socialization of Packaging and Halal Certification



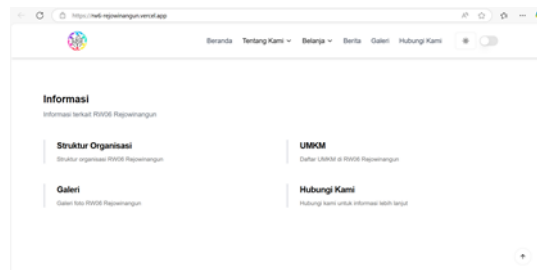
**Picture 1.2 Socialization of Packaging and Halal Certification**

This program also educates MSMEs about the importance of halal-certified product packaging that can increase credibility and consumer trust, especially in markets that prioritize halal products. This activity provides insight into the standards and procedures that need to be followed in obtaining halal certification.

## c. Digital Branding Socialization

Focusing on digital marketing, MSMEs are given knowledge about the use of social media and e-commerce platforms to expand market reach. This socialization aims to change the traditional marketing methods that are still used by most MSMEs, so that they can adapt to digital developments.

## d. Creation of the RW 06 Website by listing MSME contacts as a promotional media



**Picture 1.3 Website RW 06**

As a concrete step, KKN-T students helped create a website that includes information about MSMEs in RW 06. This website was created with the aim of being a means of promotion that is wider and easily accessible to potential consumers, both local and global.

Through these activities, MSMEs in RW 06 gain new knowledge that can be used to improve product quality and expand their market reach. Their product competitiveness also increases through the adoption of more effective and efficient information technology, both in digital marketing and in aspects of product design and branding.

The success of this program is not only seen in the increase in understanding and technical skills of MSMEs, but also in their paradigm shift towards the importance of utilizing technology to compete in an increasingly competitive market. The collaborative approach between students and MSMEs has proven effective in building the capacity of MSMEs that are more adaptive to current market demands.

This program also has a positive impact on the local economy, by strengthening the resilience and competitiveness of MSMEs. Through this collaboration, students not only play a role in

developing MSMEs, but also gain valuable practical experience in applying the knowledge they have learned on campus.

## CONCLUSIONS

The Thematic Community Service Program (KKNT) based on Independent Learning Independent Campus (MBKM) implemented by Ahmad Dahlan University students in Rejowinangun Village RW 06 is a strategic implementation in supporting the strengthening of MSME competitiveness through a multidimensional collaborative approach. This program is designed with a methodological approach that includes field observation, participation-based socialization, intensive training, interactive discussions, and ongoing mentoring.

The results of the implementation of this program show significant effectiveness in overcoming fundamental MSME problems, such as lack of digital literacy, minimal understanding of marketing strategies, product branding, and limited access to halal certification. The technology-based approach integrated into digital marketing training and product identity design results in increased technical and strategic skills for MSME actors. This supports a paradigm shift from traditional operational methods to the adoption of modern technology that is more relevant to the demands of the global market.

This program not only creates a direct impact in the form of increasing the capacity and capabilities of MSME actors, but also makes a strategic contribution to sustainable local economic development. By prioritizing the principles of community-based empowerment, the active involvement of students in this program proves that collaboration between universities and the micro-business sector can encourage socio-economic innovation that is adaptive and responsive to the dynamics of the digitalization era. Thus, the KKNT MBKM program is a relevant intervention model to support holistic empowerment of MSMEs amidst increasingly competitive global competition.

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