



## The Role of UMKM in Increasing Community Income in Sarirejo Village, Kaliwungu Sub-District

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**Abstract:** Sarirejo Village is an area in Kaliwungu Sub-district that has shown significant progress in increasing community income through the development of Micro, Small and Medium Enterprises (MSMEs). The MSME industry in Sarirejo Village, especially the krupuk industry, has become one of the main sources of income for the local community. This article aims to describe the role of MSMEs in increasing community income and understand the potential and challenges faced, so that effective strategies can be formulated to improve community welfare and advance the local economy in Sarirejo Village. It is found that product innovation, entrepreneurship training, promotion and marketing, product packaging, and the implementation of Islamic business ethics have helped in the development of MSMEs in Sarirejo Village so that it will increase community income and welfare.

**Keywords:** MSMEs, Community Income, Sarirejo Village

### 1. BACKGROUND

Micro, Small and Medium Enterprises (MSMEs) are independent and productive business units that can be run by individuals or companies in all sectors of the economy (Khoiruddin, 2023). MSMEs play an important role in alleviating small communities from poverty, by absorbing a lot of labor, thus helping to reduce the unemployment rate. This is also consistent with data from the Ministry of Cooperatives and SMEs in 2019, where MSMEs were able to contribute around 60.5% of Indonesia's Gross Domestic Product (GDP) (Kemenkeu, 2023).

Sarirejo is one of the villages in Kaliwungu Subdistrict, Kendal Regency. It is strategically located in the urban center and has great potential in the development of Micro, Small, and Medium Enterprises (MSMEs). In recent years, MSMEs have become the main focus of efforts to stimulate the economy and improve community welfare in this village. Sarirejo Village is well-known as the largest cracker MSME industry in the area. The resulting cracker products are familiarly called "Tayamum Crackers", due to their unique production process, which is fried using sand instead of cooking oil. Until now, the processed crackers have become the choice and preferred by the wider community because they are lower in cholesterol, affordable prices and available in many variants.

"*Kerupuk Nabila*" and "*Kerupuk Cahaya*" are the largest cracker producers in Sarirejo village. Both businesses have successfully survived for approximately 20 years with dozens of employees and each person is entitled to a wage of Rp35,000 per day. In addition to the benefits for business owners, this industry is certainly very helpful in terms of increasing the income of the Sarirejo village community, whose average livelihood is still based on agriculture and contract labor in factories, and it is not uncommon for those who are still unemployed. So, it is necessary to develop MSMEs in Sarirejo Village with several expectations to be achieved.

**First**, it encourages economic equity and improvement. MSMEs play a role in creating jobs in rural environments, increasing the amount of income per capita, reducing economic inequality between urban and rural areas, while also helping to overcome the problem of excessive urbanization by maintaining the population in the village (Gandasoli, 2023). With the increase of the MSME industry in Sarirejo village, the golden opportunity that the community will get a better life is in sight.

**Second**, the preservation of local wisdom. By supporting MSMEs, it means helping to maintain local wisdom and unique culture, thereby increasing the identity and pride of the local community (Muhaimin, 2024). Sarirejo Village is rich in natural and social potential, which can provide many benefits for communities that preserve it. Thus, this article aims to analyze the role of MSMEs in increasing community income in Sarirejo Village, Kaliwungu Sub-district. By understanding the potential and challenges faced by MSMEs in the area, effective strategies can be formulated to improve community welfare and advance the local economy.

## 2. METHODS

The implementation method used this time is a direct visit to the *Nabila* and *Cahaya* cracker MSME factory located in Kauman Kidul Hamlet and Sekopek Hamlet, Sarirejo Village, Kaliwungu District, Kendal. In addition, there are several stages carried out so that the implementation of this program runs successfully and smoothly.

**First**, the planning stage. At this stage, communication is carried out by gathering information from the head of the hamlet, the local community and other sources to find out the location of the MSMEs to be visited, to the process of activities carried out by business actors.

**Second**, the implementation stage. This visit was carried out on Sunday, August 4, 2024 with participants from the KKN Group 108 UIN Walisongo Team and accompanied by Mr. Rohmad as the Head of Hamlet III Sarirejo Village. This stage began with visiting the predetermined MSMEs, namely *Nabila* and *Cahaya* crackers, which were chosen because they

have long been established and successful in the market share. During the visit, the KKN team interviewed the business owners to get a more comprehensive picture of the process and the challenges faced. Afterwards, the KKN Team also participated in the production process, frying, packaging and marketing of the crackers.

*Third*, the analysis and evaluation stage. In the analysis stage, difficulties experienced by business actors are identified, such as difficulties in market competition, access to logistics and others. It also includes the strategies used to overcome this. And finally, evaluation and monitoring of the development of *Nabila* and *Cahaya* crackers MSMEs in their role in increasing community income in Sarirejo Village, Kaliwungu District.

### 3. RESULTS AND DISCUSSION

In the visit activities carried out on Sunday, August 4, 2024 by the KKN Group 108 UIN Walisongo Team in order to increase community income in Sarirejo Village through the role of *Nabila* and *Cahaya* crackers MSMEs, there are several results and discussions obtained.

*First*, the development of processed crackers. During the visit, *Nabila* and *Cahaya* crackers used tapioca flour as the main ingredient. Furthermore, it can also use strategies by adding variants of shapes, colors and flavors during the production process, thus increasing the selling value of these cracker products in an era of quite competent market competition.



**Figure 1.** The process of making crackers by employees and the KKN Team of group

108



**Figure 2.** Process of frying crackers with sand medium

**Second**, entrepreneurship training. This was realized by the Group 108 KKN Team by organizing training in entrepreneurship for the community, especially in making crackers and processed spring roll skins which are also made from flour. With this activity, it is expected to provide profitable business opportunities for community members who are interested in going directly into the business world.



**Figure 3.** Entrepreneurship training by the KKN Team of Group 108

**Third**, promotion and marketing. *Nabila* and *Cahaya's* cracker MSMEs have been growing rapidly so far. Therefore, the Group 108 KKN Team provides opportunities for these MSMEs to be better known by the community by building marketing through social media and websites. So, not only capturing consumers in the market directly but also in cyberspace in accordance with the current era.

**Fourth**, increasing the completeness of product packaging. *Nabila* and *Cahaya* crackers MSMEs can carry out this strategy through creation of better designs, labels and packaging. In addition, halal certification of products will also increase consumer confidence that the food purchased is proven to be good and in accordance with existing regulations.

**Fifth**, the MSME industry in Sarirejo Village has shown the implementation of Islamic business ethics. The majority of MSME players have run businesses with the principles of honesty, fairness, keeping promises, and cleanliness in the production process (Abu Lubaba, 2019). With this, customer loyalty to *Nabila* and *Cahaya* cracker products can be maintained and will certainly have an impact on the existence of these MSMEs along with the tenure and number of employees working in the cracker production activities.

#### 4. CONCLUSION

Sarirejo Village has shown significant progress in increasing community income through the development of MSMEs, especially the krupuk industry. Supporting factors such as product processing innovation, entrepreneurship training, promotion and marketing, completeness of product packaging, and implementation of Islamic business ethics have helped in the development of MSMEs in the area. Therefore, it is important to continue to support and

improve the development of MSMEs in Sarirejo Village to increase community income and welfare.

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