



# Distribution of Aid and Outreach as an Effort to Develop Snack Food MSME in Galengdowo Village, Wonosalam, Jombang

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## A B S T R A C T

The development of micro, small, and medium enterprises (MSMEs) in the snack food sector is an important strategy to improve the local economy and empower rural communities. This research explores the effectiveness of aid distribution and outreach as an effort to develop snack food MSMEs in Galengdowo Village, Wonosalam, Jombang. Using a qualitative approach, a case study was conducted to examine the impact of capital assistance, training, and the introduction of digital technology on increasing production capacity, product quality, and market access for MSMEs. The study results show that the assistance provided has had a significant positive impact, including improvements in business management, online marketing, and the development of partnership networks. Socialization regarding marketplaces and digital marketing strategies has also proven effective in increasing product visibility and creating added value for MSMEs. However, challenges such as limited information technology infrastructure remain obstacles that need to be overcome to support the sustainable growth of MSMEs in the future.

## 1. INTRODUCTION

### 1.1. Research Background

Micro businesses are an integral part of the micro, small and medium enterprise (MSME) sector which plays an important role in the Indonesian economy. Microbusinesses make a significant contribution to Indonesia's GDP through the large number of micro-businesses run by the community, making it the dominant business sector. In 2019, the number of MSME business units reached 65,465,497 units (Ministry of Cooperatives and SMEs), reflecting the significance of their contribution to the national economy [1].

Galengdowo Village, which is in Wonosalam District, Jombang Regency, has great potential in the Micro, Small, and Medium Enterprises (MSME) sector. The abundance of natural resources such as quality raw materials and traditional community skills is the main capital. Especially in the field of snack food production, this sector has become the main backbone of the village economy. Public interest in developing snack food MSME businesses is also increasing. However, many MSMEs in

this village are still faced with various challenges that hinder their development and competitiveness.

One of the main obstacles faced by snack food MSMEs in Galengdowo Village is limited capital. Many small entrepreneurs have difficulty accessing sufficient financial resources to grow their businesses. Apart from that, lack of knowledge and skills in business management, marketing, and product innovation are also significant inhibiting factors. Realizing this, students of KKN-T MBKM 01 UPN "Veteran" East Java and all village officials took strategic steps by implementing aid distribution and outreach programs. Business capital assistance, training, and mentoring are provided to MSMEs in the village. The outreach was carried out to increase understanding of the importance of developing MSMEs, effective business management practices, and efficient marketing strategies.

It is hoped that the results of this research will provide benefits to students, village officials, MSMEs, and other researchers. For village governments, the results of this research can be used as a guide to formulate more effective policies and programs for developing MSMEs in their areas. For MSME players, the results of this research can be a source of information



to improve their knowledge, skills, and business management. For other researchers, the results of this research can be a reference for further studies regarding the development of MSMEs.

## 1.2. Literature Review

Micro, Small, and Medium Enterprises (MSMEs) are a business sector that has an important role in Indonesia's economic development, especially in contributing to Gross Domestic Product (GDP), employment, and poverty alleviation. In 2013, the contribution of MSMEs to the national GDP reached 5.44 billion rupiah, capable of absorbing a workforce of 114.144 million people or 96.99 percent of the workforce. The number of MSMEs increased by 2.41 percent from 2012-2013, reaching 57.89 million business units, of which 99.99 percent were micro businesses. Therefore, the existence of MSMEs is very important for society, especially for those who have economic and skill limitations [2].

Micro, Small and Medium Enterprises (MSMEs) are a small business sector that has a significant impact on the Indonesian economy. MSMEs have a strategic role in driving the economy and strengthening the national economic structure. They contribute to economic growth by creating new jobs, increasing tax potential, and encouraging innovation. However, MSMEs often face challenges in keeping up with developments in information technology, which can limit their development. During today's intensive business competition, MSME players need to continue to adapt to market dynamics, especially in terms of online promotion and marketing on digital platforms [3].

Development can be interpreted as an effort to improve an individual's conceptual, theoretical, technical, and moral abilities following the needs of a job or position through education and training. Community development is an effort to increase people's abilities and potential so that they can maximize their identity, status, and dignity to survive and develop independently in economic, social, religious, and cultural aspects. MSME development is a joint responsibility between the government and the community. In dealing with the problems faced by MSMEs, steps are needed such as: (a) Creation of a conducive business climate, (b) Capital assistance, (c) Business protection, (d) Partnership development, (e) Training, (f) Development promotion, and (g) Development of equal cooperation [4]. Business development is one of the steps taken by business owners to increase profitability or the business's ability to generate more profits by utilizing all the capital owned by the business. In the face of increasingly fierce business competition, business development is a must for every business owner to continue to survive [5].

A label is a component of a product that contains written information about the product or its seller. The label functions as a part of the product that conveys details regarding product characteristics, instructions for use, raw materials, and other relevant information. Generally, labels are found on the product packaging or can also be labels that are attached directly to the product [6].

Packaging has a very important role in a product. Apart from being a protector for the product, packaging also functions as a branding tool that can attract consumer interest so that they are interested in buying the product. Packaging is one of the strategies used by manufacturers to make products stand out with attractive

designs, colors, and shapes so that the quality of the product remains maintained [7].

Marketplace is an online platform where buyers and sellers can interact and make transactions. Like traditional markets, marketplaces function as meeting places for various commercial transactions. However, what differentiates marketplaces is the higher level of computerization with network support, which enables efficiency in providing the latest information and services to a wide variety of sellers and buyers [8].

Shopee is one of the many marketplaces or online shopping platforms used in Indonesia. Shopee offers a variety of products, from clothing, electronics, accessories, and household goods, to food. In 2017, Shopee processed up to 244.8 million orders, which increased to 604.5 million orders in 2018. The data shows that in 2018, there were 206.9 million orders, compared to 98.3 million orders in 2017. Shopee had 49.9 million active buyers throughout 2018, up from 21.7 million active buyers in 2017, which has led to an increase in the number of active sellers to date. Shopee excels in providing services such as free shipping, item search, and product management. The presence of Shopee as a marketplace platform makes it easier for MSMEs to sell, encouraging further progress and development of MSMEs [9].

## 2. MATERIALS AND METHODS

Community service activities take place within 3 months. This activity was carried out at one of Mr. Miskan's snack food SMEs in Galengdowo Village, Wonosalam District, Jombang Regency. The implementation methods used in community service activities are as follows:

### 2.1. Survey an Interviews

The initial stages carried out in this service activity were surveys and interviews. This activity was carried out in one of the places used for the MBKM Thematic Real Work Lecture activities in Galegdowo Village, Wonosalam District, Jombang Regency. There are various kinds of MSMEs in this village, but the researcher chose one of the MSMEs that operates in the snack food sector, owned by Mr. Miskan. Researchers conducted interviews with business owners regarding products, sales, marketplaces, expenses, and income as well as obstacles faced while running the MSME business.

### 2.2. Problem Analysis

Based on the results of the survey and interviews that were conducted, the researchers then analyzed the problems faced by MSME players. These problems include limited equipment, lack of labels, packaging still using plastic, and lack of knowledge and access to digital technology such as marketplaces. Therefore, Pak Miskan finds it difficult to compete with other more prominent products on the market.

### 2.3. Development and Innovation

Researchers have identified various problems and are trying to provide solutions in the form of developing innovations in the snack food products that are being run by MSMEs. The innovations carried out were in the form of assistance in making logo designs, changing guava juice packaging from plastic to bottles, making banners, and outreach regarding the use of the marketplace. Apart from that, researchers also provide tools such

as a chopper to make it easier for MSME entrepreneurs to process snack products.

#### 2.4. Report Generation

In this report-making stage, the researcher makes a final report on the MBKM KKN-T activities. Researchers analyzed the condition of MSMEs after the distribution of aid and outreach. The condition of Pak Miskan's snack food MSMEs has shown significant improvement with assistance in the form of modern equipment such as choppers which can produce more products. Apart from that, thanks to socialization regarding the marketplace, Mr. Miskan was able to expand his market reach through online platforms and social media such as Shopee.

### 3. RESULT AND DISCUSSION

A group of students from the East Java "Veteran" National Development University who are carrying out the MBKM Thematic Real Work Lecture have taken steps to develop Mr. Miskan's micro, small, and medium enterprises (MSMEs), which operate in the snack food sector. This program aims to improve the local economy and empower the surrounding community. Pak Miskan, an MSME entrepreneur who has long been involved in the snack industry, is known for his traditional processed products such as sausage sticks, chocolate bananas, mendhut, perkedel, intestine chips, egg nuts, and guava juice. However, with increasingly fierce competition and challenges in expanding market reach, Mr. Miskan experienced various difficulties in developing his business. Therefore, researchers took the initiative to develop Mr. Miskan's snack food MSMEs through distributing aid and outreach related to the marketplace.

#### 3.1. Distribution of Snack Food MSME Assistance

Distribution of aid is one way to develop Mr. Miskan's snack food MSMEs. Based on surveys and interviews conducted, MSMEs experience several obstacles in managing their businesses. These obstacles include product branding, such as the absence of a label on the product, packaging that still uses plastic, and limited equipment in the production process. Product branding or product branding is a symbol or design that gives a product a unique identity on the market. Product branding can be easily recognized in various buying and selling locations. Some important elements in product branding include logos, label designs, names, and packaging. The goal of branding is to create an identity that differentiates one brand from others. Product branding not only differentiates our products from other products but also increases brand awareness and makes it easier for customers to connect with the brand [10]. Various innovations have been carried out to develop MSMEs, the innovations carried out include assistance in designing and printing packaging logos and labels for Mr. Miskan's snack products which were carried out after making previous observations. The label sticker design is made as attractive as possible to be attached to the product packaging. The aim of making this label is to increase product visibility so that it is better known and easier to find by consumers. This innovation is expected to provide positive added value for MSMEs.

Packaging has a very important role because it is always related to the commodity being packaged and functions as a selling point and product image. Selling value increases when the product has attractive packaging, providing added value. Product image, which is the consumer's perception of the product, will be better if the product is packaged well. In other words, good packaging can give a positive impression to consumers [11]. Packaging is one of the things that needs to be considered in business, attractive packaging can certainly attract more consumers to buy the product. The product packaging at Mr. Miskan's snack food MSME previously looked very simple using plastic packaging. Researchers are trying to innovate plastic packaging into more attractive packaging equipped with packaging logo stickers and labels. Of course, the product becomes more attractive and easy to recognize because it has a clear identity. Apart from that, the distribution of aid is carried out in the form of providing banners that are designed to be as attractive as possible. The banner installed in front of the house aims to make it easier for consumers to obtain information and attract consumers to buy snacks. Finally, assistance in the form of a chopper tool is used to help the snack production process run smoothly in a faster time by producing more products.



Fig. 1. Distribution of logo stickers and labels



Fig. 2. Distribution of aid for bottle packaging and chopper equipment



Fig. 3. Banner aid distribution

### 3.2. Marketplace related outreach

Shopee is an international marketplace where consumers can find various products from all over the world. The platform marked in orange attracts consumers' attention, allowing sellers to market products more effectively and efficiently. MSMEs, as diverse businesses that have a direct impact on the interests of society, continue to grow rapidly and have an important role in the Indonesian economy. To support the growth of MSMEs, a good marketing strategy is very necessary. Effective marketing is a crucial factor in product promotion to reach more consumers. Through socialization and training on using the Shopee application, it is hoped that it can help MSMEs market their products and increase sales profitability [12].

Marketplace socialization at Pak Miskan's snack food MSMEs is an effort to introduce and educate Pak Miskan about the use of online platforms, especially Shopee, as a means to market and sell his products more widely. Through this outreach, Mr. Miskan can learn about the benefits and effective ways of using the marketplace to expand market reach. This training includes an understanding of online store management (shopee), search optimization, order management, and interaction with customers online. By utilizing the marketplace, MSMEs like Pak Miskan's can significantly increase their product exposure and reach a wider range of consumers, thereby increasing their sales potential and overall business growth.



Fig. 4. Marketplace socialization

## 4. CONCLUSION

The distribution of aid and outreach carried out to develop Mr. Miskan's snack food MSMEs in Galengdowo Village, Wonosalam, Jombang, has shown positive results. The distribution of aid, training and the introduction of digital technology have had a significant impact on increasing

production capacity, product quality, and market access for these MSMEs. Digital marketing strategies, especially through marketplace platforms, have expanded marketing reach and increased product visibility, making it easier for MSMEs to reach a wider range of consumers. Overall, this assistance and outreach program has succeeded in empowering Mr. Miskan's snack MSMEs in Galengdowo Village, improving the local economy and strengthening community independence. The sustainability and scalability of the results achieved require continuous support from the government and related institutions to ensure that MSMEs can continue to develop and adapt to market changes in the future.

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