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The Role of Micro, Small, and Medium Enterprises (MSMEs) in Enhancing the Economic Well-Being of Low-Income Communities: A Case Study in Curio Village, Curio District, Enrekang Regency, South Sulawesi

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Abstract

Micro, Small, and Medium Enterprises (MSMEs) play a strategic role in community economic development, particularly in increasing income, creating employment opportunities, and promoting the empowerment of low-income communities. This study aims to analyze the role of MSMEs in improving the economic well-being of low-income communities in Curio Village, Curio District, Enrekang Regency, South Sulawesi, and to identify the supporting and inhibiting factors affecting their development. The study employed a qualitative approach using a case study method. Research data were obtained through observations of MSME conditions in Curio Village and an examination of various aspects related to community economic empowerment through MSMEs. The findings indicate that MSMEs play a significant role in enhancing community economic well-being by increasing household income, creating employment opportunities, and fostering economic self-reliance. The presence of MSMEs provides alternative sources of income for community members who previously depended on agriculture and irregular employment. Furthermore, MSMEs generate both direct and indirect employment opportunities through the involvement of supporting sectors, including raw material suppliers, trade, and distribution services. However, the development of MSMEs continues to face several challenges, such as limited business capital, inadequate managerial capacity, suboptimal utilization of digital technology, restricted market access, and insufficient business mentoring. Based on the findings, it can be concluded that MSMEs are an essential instrument for the economic empowerment of low-income communities in Curio Village. Strengthening MSME capacity through improved access to financing, enhancement of human resource quality, product innovation, effective utilization of digital technologies, and continuous business support is

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necessary to enable MSMEs to achieve sustainable growth and make a greater contribution to improving community welfare and promoting inclusive rural economic development.

Keywords: Micro, Small, And Medium Enterprises (MSMEs), Community Empowerment, Economic Well-Being, Low-Income Communities, Curio Village.

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) constitute one of the main pillars of Indonesia's economy, making substantial contributions to national economic growth, job creation, and the improvement of community welfare. Across various economic conditions, including periods of economic slowdown and crisis, MSMEs have demonstrated a relatively greater capacity for adaptation than large-scale enterprises. This resilience makes MSMEs a strategic instrument for promoting inclusive economic development, particularly for low-income communities that face limited access to formal employment opportunities and productive resources.

The role of MSMEs extends beyond their contribution to gross domestic product (GDP) and employment generation. Their significance also lies in their ability to empower communities by creating entrepreneurial opportunities, increasing household income, developing skills, and strengthening economic self-reliance. Community empowerment through MSMEs is a process that enables individuals and community groups to enhance their capacity to manage economic resources independently, thereby improving their standard of living. According to Chambers (1995), empowerment involves providing communities with access, opportunities, and capabilities that enable them to determine their own future. Similarly, Sumodiningrat (1999) argues that community empowerment is directed toward strengthening economic, social, and institutional capacities so that communities can sustainably overcome poverty.

Despite their significant role, MSMEs continue to face numerous challenges, particularly in rural areas. Limited business capital, low-quality human resources, inadequate utilization of digital technologies, restricted market access, weak product innovation, and insufficient institutional support remain major obstacles to MSME development. These constraints reduce business productivity and limit the ability of MSMEs to maximize their contribution to improving community welfare. Therefore, the success of MSMEs in empowering communities depends not only on the number of enterprises established but also on the quality of the supporting ecosystem, including government policies, financial institutions, educational institutions, and community participation.

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Curio Village, located in Curio District, Enrekang Regency, South Sulawesi, is a rural area with considerable economic potential based on agriculture, plantations, trade, and household enterprises. Many residents rely on small-scale economic activities managed independently or within family businesses as their primary source of income. The presence of MSMEs in the village has the potential to serve as an effective vehicle for community empowerment by creating employment opportunities, increasing the value added of agricultural products, developing local products, and improving household incomes. Nevertheless, several challenges remain, including limited business capital, inadequate access to broader markets, suboptimal adoption of technology, and the need to strengthen the managerial capabilities of business owners. As a result, the village's local economic potential has not yet been fully realized in improving the welfare of low-income households.

These issues warrant further investigation because MSMEs fundamentally serve not only as profit-generating business entities but also as instruments for community empowerment. Through MSMEs, individuals are expected to improve their income-generating capacity, expand employment opportunities, reduce poverty, and strengthen household economic resilience. Consequently, the effectiveness of MSMEs in promoting community empowerment requires a more in-depth examination through a case study approach to better understand the empowerment process, identify the factors that facilitate or hinder its success, and evaluate its impact on the economic well-being of low-income communities.

This study is also important from the perspective of regional development policy. Both the central and local governments continue to promote MSME development as a community-based economic development strategy. However, the implementation of these policies often produces varying outcomes across regions due to differences in social and cultural characteristics, natural resource availability, institutional capacity, and local economic conditions. Therefore, contextual studies at the village level are essential for generating policy recommendations that address local needs and strengthen community economic empowerment programs.

Based on the foregoing discussion, this study entitled "The Role of Micro, Small, and Medium Enterprises (MSMEs) in Enhancing the Economic Well-Being of Low-Income Communities: A Case Study in Curio Village, Curio District, Enrekang Regency, South Sulawesi" is both timely and relevant. It is expected to provide empirical evidence on how MSMEs contribute to community empowerment, identify the factors influencing their effectiveness, and generate recommendations that can be utilized by local governments, MSME practitioners, and other stakeholders in formulating more effective and sustainable local economic development strategies.

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RESEARCH METHOD

This study employed a qualitative research approach using a case study design. This approach was selected to obtain an in-depth understanding of the role of Micro, Small, and Medium Enterprises (MSMEs) in improving the economic well-being of low-income communities in Curio Village, Curio District, Enrekang Regency, South Sulawesi. According to Creswell and Poth (2018), qualitative research is an approach used to explore and understand the meanings that individuals or groups assign to social issues. A case study, meanwhile, is a research strategy that investigates a phenomenon in depth within its real-life context by drawing upon multiple sources of evidence.

Yin (2018) explains that the case study method is particularly appropriate when researchers seek to gain a comprehensive understanding of a contemporary phenomenon within its real-life context, especially when the boundaries between the phenomenon and its context are not clearly defined. Therefore, this approach is considered suitable for examining the contribution of MSMEs to improving the economic well-being of low-income communities in Curio Village.

The research was conducted in Curio Village, Curio District, Enrekang Regency, South Sulawesi, Indonesia**.** The study site was selected purposively because the village hosts various types of MSMEs that serve as the primary source of livelihood for local residents and have the potential to contribute significantly to improving the economic well-being of low-income households.

RESULTS AND DISCUSSION

A. The Role of MSMEs in Increasing the Income of Low-Income Communities in Curio Village, Curio District, Enrekang Regency

Micro, Small, and Medium Enterprises (MSMEs) in Curio Village play a crucial role in increasing the income of low-income communities, particularly in rural areas where livelihoods largely depend on agriculture, small-scale trade, and household-based businesses. In the context of Curio Village, Curio District, Enrekang Regency, MSMEs have become an important alternative source of livelihood by providing additional income opportunities for local residents. Employment opportunities within MSMEs, as well as the possibility of establishing independent businesses, enable community members to earn a more stable income than relying solely on seasonal agricultural work.

From a theoretical perspective, income improvement through MSMEs is one of the key indicators of successful community economic empowerment. Chambers (1995) argues that empowerment is a process of providing communities with access, opportunities, and capabilities that enable them to improve their quality of life through greater

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control over economic resources. In this context, MSMEs function not only as business entities that generate profits for their owners but also as mechanisms through which community members gain employment opportunities, develop new skills, and improve their household economic conditions.

This perspective is consistent with Sumodiningrat (1999), who states that community empowerment aims to strengthen economic capacity so that people can sustainably overcome poverty. Through participation in MSME activities, communities not only earn additional income but also enhance their productive capacity, thereby strengthening household economic resilience. Consequently, increased household income reflects the success of empowerment processes facilitated by local economic activities.

The contribution of MSMEs to income enhancement can also be explained through their capacity to create employment opportunities. MSMEs are generally labor-intensive, enabling them to absorb local workers with diverse educational backgrounds and skill levels. This characteristic is particularly important for low-income communities, whose members often face limited access to formal employment. Employment within MSMEs provides a reliable source of income that enables households to meet essential needs, including food, education, healthcare, and other social necessities.

These findings are consistent with Tambunan (2019), who emphasizes that MSMEs are highly effective in generating employment and reducing unemployment. Their capacity to absorb labor directly increases household income, thereby contributing to poverty reduction, particularly in rural areas. Beyond creating employment, MSMEs also encourage entrepreneurship by providing opportunities for individuals who were previously employed as agricultural laborers or temporary workers to establish their own small-scale businesses, such as agricultural product processing, retail trade, culinary enterprises, and household handicrafts. This diversification of income sources reduces dependence on a single occupation and contributes to greater household economic stability.

According to the Ministry of Cooperatives and SMEs of the Republic of Indonesia, MSME development not only stimulates local economic activity but also expands entrepreneurial opportunities and strengthens the economic structure of communities. As more individuals participate in productive economic activities, economic circulation at the village level becomes increasingly dynamic, generating a **multiplier effect** that benefits other sectors of the local economy.

The increase in household income generated through MSMEs also contributes significantly to improving family economic well-being. Economic well-being is measured not only by income levels but also by a household's ability to meet basic living standards.

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Higher incomes enable families to improve food consumption, upgrade housing conditions, finance their children's education, access healthcare services, and accumulate savings or invest in business expansion.

This finding aligns with the concept of economic well-being proposed by Todaro and Smith (2021), who argue that economic development should be assessed not only by income growth but also by improvements in people's quality of life through better access to education, healthcare, employment opportunities, and a more equitable distribution of income. Therefore, income enhancement through MSMEs can be regarded as an important indicator of successful community-based economic development.

Nevertheless, the extent to which MSMEs increase community income is influenced by several enabling and constraining factors. Access to business capital is one of the primary determinants of an enterprise's ability to expand production capacity and grow its operations. Limited financial resources often prevent business owners from increasing production, investing in modern equipment, or expanding their marketing networks.

In addition to financial capital, the quality of human resources plays a critical role in MSME development. Entrepreneurs possessing stronger managerial capabilities, production skills, and marketing knowledge are generally more competitive than those who continue to manage their businesses using traditional methods. Consequently, entrepreneurship training, business mentoring, and improvements in digital literacy are essential for ensuring the long-term sustainability of MSMEs.

The adoption of digital technology also significantly influences income generation. Digital marketing platforms enable MSME products to reach broader markets beyond geographical boundaries. However, many rural MSME operators have yet to utilize digital technologies effectively due to limited knowledge, inadequate technological skills, and insufficient internet access. As a result, the potential of digitalization to increase business income remains underutilized.

These findings are consistent with Agyapong (2010), who found that the success of MSMEs is strongly influenced by access to finance, managerial competence, product innovation, and a supportive business environment. The stronger these factors are, the greater the likelihood that MSMEs will expand successfully and improve the incomes of both business owners and the communities they serve.

Therefore, improvements in community income through MSMEs depend not only on the existence of business enterprises themselves but also on the strength of the supporting ecosystem involving government institutions, financial organizations, educational institutions, and community participation. Local governments play a vital role by

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providing entrepreneurship training, facilitating access to financing, supplying production equipment, offering business development assistance, and promoting local products to ensure the sustainable growth of MSMEs.

Based on the above discussion, it can be concluded that MSMEs serve as an effective instrument of community economic empowerment through job creation, increased household income, the promotion of entrepreneurship, and the strengthening of household economic resilience. Although MSMEs continue to face various challenges, they make a substantial contribution to improving the economic well-being of low-income communities. Therefore, strengthening MSME capacity through supportive public policies, improved access to finance, human resource development, and the adoption of digital technologies is essential for maximizing their contribution to rural economic development and sustainable community welfare.

B. The Role of MSMEs in Creating Employment Opportunities for Low-Income Communities in Curio Village, Curio District, Enrekang Regency

One of the most tangible contributions of Micro, Small, and Medium Enterprises (MSMEs) to community economic development is their ability to generate employment opportunities. In rural areas such as Curio Village, Curio District, Enrekang Regency, MSMEs serve as an economic sector capable of absorbing local labor, particularly individuals with limited education, skills, and access to formal employment. The presence of MSMEs provides opportunities for community members to secure jobs and earn income, thereby improving household economic conditions.

Conceptually, job creation through MSMEs constitutes an essential component of community economic empowerment. Chambers (1995) argues that empowerment is the process of providing communities with access, opportunities, and capabilities that enable them to improve their quality of life through greater control over economic resources. In this context, employment opportunities created by MSMEs represent a form of economic access that enables individuals to generate sustainable income while strengthening their economic independence.

This perspective is reinforced by Sumodiningrat (1999), who states that community empowerment seeks to enhance economic, social, and institutional capacities so that communities can sustainably overcome poverty. Employment opportunities generated by MSMEs not only provide income but also enable individuals to develop occupational skills, entrepreneurial experience, and productive capabilities, all of which contribute to improved household welfare.

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From an economic development perspective, MSMEs are characterized as labor-intensive enterprises, relying more heavily on human labor than on capital investment. This characteristic enables MSMEs to absorb a substantial number of workers, particularly in trade, household industries, agricultural product processing, culinary businesses, and service sectors. Such a role is especially significant in rural areas where investment in large-scale industries is generally limited.

Tambunan (2019) explains that MSMEs possess a high capacity for employment generation because of their relatively small scale, lower capital requirements, and ability to develop in accordance with local economic potential. Consequently, the growth of MSMEs directly contributes to reducing unemployment and expanding employment opportunities, particularly for low-income communities.

In Curio Village, MSMEs have the potential to create a wide range of employment opportunities, including positions in production, agricultural product processing, packaging, marketing, and distribution. These activities provide employment for individuals who previously lacked permanent jobs or depended solely on seasonal agricultural work. Such diversification of employment opportunities strengthens the village's economic structure by providing households with multiple sources of income.

In addition to creating direct employment, MSMEs also generate indirect employment through business linkages with other economic actors. For example, the expansion of agricultural processing enterprises increases demand for raw materials supplied by local farmers, transportation services, trading activities, and packaging providers. This creates a multiplier effect**,** stimulating broader economic activities throughout the community. According to Todaro and Smith (2021), employment creation is one of the principal indicators of successful economic development because it increases household income, reduces poverty, and promotes a more equitable distribution of welfare. Therefore, the benefits of MSMEs extend beyond business owners, generating positive economic impacts for surrounding communities through expanded employment opportunities.

Furthermore, the employment-generating capacity of MSMEs is particularly significant because many low-income individuals encounter substantial barriers to entering the formal labor market. These barriers often include limited educational attainment, insufficient work experience, and administrative requirements that are difficult to fulfill. Compared with larger enterprises, MSMEs tend to adopt more flexible recruitment practices, thereby providing greater opportunities for local residents to participate in productive economic activities.

The International Labour Organization (ILO, 2019) identifies MSMEs as one of the primary drivers of employment creation in developing countries because they provide

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broader employment opportunities, increase household income, and promote inclusive economic growth. Accordingly, strengthening the MSME sector represents an important strategy for reducing unemployment and improving community welfare. Nevertheless, the capacity of MSMEs to generate employment remains influenced by several constraints. Limited business capital often prevents MSME owners from expanding production, thereby restricting their ability to recruit additional workers. Moreover, inadequate human resource capacity, limited product innovation, restricted market access, and the underutilization of digital technologies also constrain the ability of MSMEs to create new employment opportunities.

In this regard, government support plays a crucial role. Entrepreneurship training programs, financial assistance, business licensing facilitation, management mentoring, and digital marketing development can significantly enhance the capacity of MSMEs, enabling them to expand their operations and employ more workers. Collaboration among local governments, financial institutions, higher education institutions, and local communities forms an empowerment ecosystem that supports the sustainable development of MSMEs.

Based on the above discussion, it can be concluded that MSMEs play a strategic role in creating employment opportunities for low-income communities in Curio Village. The jobs generated by MSMEs not only provide income but also enhance skills, strengthen economic self-reliance, and reduce unemployment. Therefore, MSME development should continue to be supported through policies that improve access to finance, strengthen human resource capacity, encourage business innovation, and expand market access so that their economic benefits become broader and more sustainable.

CONCLUSION

Based on the findings and discussion regarding The Role of Micro, Small, and Medium Enterprises (MSMEs) in Enhancing the Economic Well-Being of Low-Income Communities in Curio Village, Curio District, Enrekang Regency, it can be concluded that MSMEs play a strategic role as an important instrument for empowering rural communities. Their existence extends beyond serving as profit-generating business entities; they also function as mechanisms for increasing income, creating employment opportunities, and strengthening community economic self-reliance.

First, MSMEs contribute to increasing the income of low-income communities by providing alternative livelihood opportunities beyond traditional seasonal agricultural activities. MSME operations enable community members to earn more stable incomes through both employment and self-employment. This increase in income enhances households'

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ability to meet basic needs, including food, education, healthcare, and other aspects of family well-being. Consequently, MSMEs represent an effective form of economic empowerment that strengthens communities' capacity to manage economic resources independently.

Second, MSMEs play a vital role in creating employment opportunities for low-income communities in Curio Village. Their labor-intensive nature enables them to absorb local workers with diverse educational backgrounds and skill levels. Through MSMEs, individuals who previously had limited access to formal employment gain opportunities to work and earn income. In addition to generating direct employment, MSMEs also produce indirect economic benefits through business linkages with suppliers of raw materials, transportation providers, trading activities, and other supporting economic sectors.

Third, MSMEs contribute to improving community economic well-being through the process of empowerment. Beyond increasing household income, MSMEs enhance community members' skills, entrepreneurial experience, and capacity to manage productive economic activities. This finding is consistent with Chambers' (1995) concept of empowerment, which emphasizes the importance of providing communities with access, opportunities, and capabilities to improve their own quality of life. Likewise, Sumodiningrat's (1999) perspective, which views economic empowerment as a means of enabling communities to escape poverty sustainably, further highlights the important role of MSMEs in community-based economic development.

Fourth, although MSMEs make significant contributions to income generation and employment creation, several constraints continue to limit their development in rural areas. These include limited business capital, inadequate managerial capabilities, suboptimal utilization of digital technologies, restricted market access, and insufficient business mentoring. Such challenges reduce the capacity of MSMEs to expand their operations and maximize their economic contributions to the wider community.

Fifth, the sustainable development of MSMEs in Curio Village requires coordinated support from multiple stakeholders, particularly local governments, financial institutions, educational institutions, and community organizations. Such support should include improved access to financing, entrepreneurship training, enhanced business management capacity, digital marketing assistance, and the development of innovative products based on local potential. A well-established support ecosystem will enable MSMEs to grow more effectively and contribute more substantially to community welfare.

Overall, it can be concluded that MSMEs play a significant role in improving the economic well-being of low-income communities in Curio Village, Curio District, Enrekang Regency. Through increased household income and expanded employment opportunities, MSMEs serve as both a driving force for local economic development and an effective

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instrument of community empowerment. Therefore, continuous efforts to strengthen the MSME sector are essential to ensure that its economic benefits are more widely shared and contribute to inclusive and sustainable rural economic development.

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