

**THE ROLE OF MSMES AND WOMEN'S EMPOWERMENT IN ECONOMIC DEVELOPMENT IN INDONESIA: LITERATURE REVIEW, ANALYSIS AND DEVELOPMENT STRATEGY****Iqbal Agustia Miransyah<sup>1</sup>; Ritha Dalimunthe<sup>2</sup>**

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[Iqbalagustiamiransyah78@gmail.com](mailto:Iqbalagustiamiransyah78@gmail.com)***Abstract***

*The economic development of a country is greatly influenced by the quality of human resources (HR) and the business sector developing within it, with the Micro, Small and Medium Enterprises (MSME) sector playing a strategic role in economic growth, employment and distribution of results in Indonesia. . However, MSMEs are faced with various challenges such as lack of capital, limited access to financing, and business climate conditions that are not yet conducive. This research aims to analyze the role of entrepreneurship and women's empowerment in reducing unemployment and improving the economy, identifying challenges in economic empowerment and building understanding of solutions, designing concrete strategies to increase awareness, skills and collaboration in business development and strengthening the MSME sector, encouraging the role of MSMEs in national economic development by highlighting its contribution and potential, as well as providing an understanding of the importance of entrepreneurship, women's empowerment, and the role of MSMEs in economic development, as well as formulating strategies to overcome the challenges faced . This research uses a literature review study method with a systematic approach to data analysis. The results show that efforts to empower women through MSMEs have had a positive impact on the family economy and society at large. However, there are still obstacles that need to be overcome in efforts to empower the community's economy. Concrete strategies and a holistic approach are needed to overcome these challenges and strengthen the contribution of MSMEs to national economic development.*

**Keywords:** MSMEs, Women's Community, Human Resources, National Economy

**INTRODUCTION**

The economic development of a country is greatly influenced by the quality of human resources (HR) and the business sector that is developing within it. In Indonesia, the Micro, Small and Medium Enterprises (MSME) sector has a strategic role in economic growth, employment and distribution of results. In facing the economic crisis, MSMEs have proven to be more resilient than large-scale businesses, showing the diversity of sectors that can make a significant contribution to the economy. However, the challenges faced by MSMEs cannot be ignored. One of the main problems is the availability and

quality of human resources (HR) and quality management. Factors such as lack of capital, limited access to financing, and business climate conditions that are not yet conducive, are obstacles to the development of MSMEs.

According to Ance Marintan D. Sitohang et al. (2022) The increasingly high level of competition requires every human resource to be superior, have strong character and high competence. Meanwhile, according to Ritha F. Dalimunthe, Hairani Siregar (2022) Support from the government is a factor in the success of MSMEs. Mochamad Reza Rahman (2020) also believes that MSMEs in Indonesia have an important role in the national economy, survive the crisis, and make a major contribution to labor absorption.

To achieve the goal of advanced and developing MSMEs, education needs to play a very big role, starting from initial education to higher education. The creation of MSMEs that can compete on the global and international stage is the goal of this MSME development strategic plan (Hudiyono & S, 2022).

On the other hand, empowering women in the field of entrepreneurship is also an important focus in efforts to eradicate unemployment and improve the community's economy. As in the journal Ritha F. Dalimunthe and Hairani Siregar (2022) highlight women's economic empowerment through digital marketing training and assistance in the Medan Belawan sub-district which has succeeded in increasing the awareness and skills of female small entrepreneurs. Even though there is occupational segregation based on gender, women have great potential to contribute to economic development through entrepreneurial activities. Apart from that, community service activities are also an effective means of supporting economic empowerment, especially for housewives. Through training, mentoring, and the formation of entrepreneurial groups, it is hoped that there will be an increase in family economic income, increased socio-cultural values, and improved health through the production of healthy and hygienic food. However, there are still obstacles that need to be overcome in efforts to empower the community's economy, such as a lack of business promotion activities, the lack of business legality, and a lack of collaboration between communities. Therefore, further efforts are needed to increase community awareness and skills in developing their businesses. As stated in the journal Ritha F. Dalimunthe and Magdalena Linda (2022), the importance of business strategy and human resource management in increasing the competitiveness of small businesses as well as the importance of promotion via digital platforms. As said by Budiwitjaksono et al. (2022) said that social media and digital marketing help MSME businesses as promotional media which is very helpful for developing their business. In this context, this article will review in depth the role of MSMEs in national economic development, women's empowerment through entrepreneurship, and economic empowerment efforts through training and mentoring for housewives in MSMEs. With a deep understanding of the challenges and potential in developing MSMEs, it is hoped

that effective strategies can be identified in increasing the contribution of MSMEs to the national economy.

The literature review presented in this paper has several significant interests with an in-depth understanding of the context and challenges as well as exploring potential and opportunities as well as supporting research and policy to identify challenges and obstacles that will be faced and providing a basis for further research. Literature According to Sugiyono (2018) Literature studies are theoretical studies and other references related to the values, culture and norms that develop in the social situation being studied. Meanwhile, according to (Bugin, 2008) the literature method is one of the data collection methods used in social research methodology to explore historical data. Overall, the literature review has an important role in helping readers understand the context, challenges and potential in developing MSMEs and empowering women in the field of entrepreneurship. With a better understanding of these issues, it is hoped that more effective strategies can be formulated in increasing the contribution of the MSME and women's sectors to national economic development.

## **RESEARCH PURPOSES**

The purpose of the writing that I will discuss is:

1. Analyzing the role of entrepreneurship and women's empowerment in reducing unemployment and improving the economy.
2. Identify challenges in economic empowerment and build understanding of solutions.
3. Design concrete strategies to increase awareness, skills and collaboration in business development and strengthen the MSME sector.
4. Encourage the role of MSMEs in national economic development by highlighting their contribution and potential.
5. Providing an understanding of the importance of entrepreneurship, women's empowerment, and the role of MSMEs in economic development, as well as formulating strategies to overcome the challenges faced.

## **RESEARCH METHODS**

This research uses a literature review study method. Literature study is a research activity using secondary data resulting from various library studies or literature relevant to research problems sourced from books or articles or relevant journals (Adi et al., 2020). A study through comprehensive research and interpretation of literature related to a particular topic, which includes identifying research questions by searching for and analyzing relevant literature using a systematic approach to analyzing data using a simplified approach. The articles used are focused on original empirical research articles

or research articles containing the results of actual observations or experiments where there is an abstract, introduction, objectives, methods, results and discussion of the research.

This journal search strategy uses databases available on Google Scholar. According to (Sugiyono, 2011) Secondary data sources are data sources that are not directly provided to collectors, for example books and several official websites. The keywords used to find the journal are MSMEs in North Sumatra and human resources. In this digital era, it is impossible to avoid it, marketing expert Yuswohadi in Adya Utami Syukuri (2022) revealed that if they want to survive, MSME players must be able to maximize the benefits of digital development.

Analysis with this approach involves several important stages including summarizing each relevant literature to understand the essence of the research results conducted by the author, and determining the strengths and weaknesses of the literature and to see the relationship between one literature and other literature. Identify themes by finding research results in the literature, and ensuring that these themes reflect the research questions that have been asked in the literature review. Combining all similar themes and exploring the findings in the journal, considering strong and weak evidence to carry out a critical assessment at an early stage. Compare and review each theme to ensure that each theme has been named appropriately and that collecting the themes creates one cohesive theme then analyze in depth and consider how each theme can be related to each other, and review critical assessments of each piece of literature to ensure that the identified themes can adequately answer each research question.

## **RESEARCH RESULT**

The results of the literature review in three journals that I found show that efforts to empower women through UKM (Small and Medium Enterprises) have had a positive impact on the family economy and society at large. Through training, mentoring and providing business knowledge, housewives have been able to develop culinary businesses based on local food using natural and healthy raw materials. Increasing human resources through quality education is the key for MSMEs to be able to compete in the international market. The human resources needed must have strong soft skills and hard skills. as is done by the UMKM Dapur Etam Sejahtera in Samarinda, which prioritizes product quality, production capacity and increasing sales competitiveness in Mihani et al. (2020).

This research highlights the importance of business strategy and human resource management in increasing the competitiveness of millennial women's small businesses in Medan City. Innovations in developing MSMEs in the city of Medan utilize social media and chat applications as well as the use of technology in the production process

according to the journal Encep Saefullah et al. (2021). Meanwhile, in Mamuju Regency, according to Abdul Halim (2020), Micro, Small and Medium Enterprises (MSMEs) are important in regional economic growth, contributing through innovation and creativity. However, this research shows fluctuations in the contribution of MSMEs to economic growth. The growth of MSMEs in Medan city is driven by the digital economy and technology as well as inclusive policies to increase competitiveness according to Asri Maulida (2020). MSMEs have great potential in improving the economy and reducing poverty. Gideon Setyo Budiwitjaksono et al. (2023). Meanwhile, according to Ball et al. (2001: 494), believes that MSMEs are those that have a turnover of more than 300 million with more than 100 employees, with net assets of 100 million (excluding land and buildings). MSMEs refer to business activities formed by citizens, whether in the form of personal businesses or business entities. According to Atsna Himmatul Aliyah (2022).

In-depth analysis of the role of entrepreneurship and women's empowerment in reducing unemployment and improving the economy, as well as identifying the challenges faced in economic empowerment. This is also the government's focus on reducing unemployment in the city of Medan. Discussion of concrete strategies to increase awareness, skills and collaboration in business development and strengthening the MSME sector. As stated in the journal Salman Al Farisi et al. (2022) MSMEs are the government's main focus in reducing poverty and unemployment. Emphasis on the role of MSMEs in national economic development by highlighting their contribution and potential. Providing an understanding of the importance of entrepreneurship, women's empowerment, and the role of MSMEs in economic development, as well as formulating strategies to overcome the challenges faced. According to Thomas W. Zimmerer (2008) entrepreneurship is the application of creativity and innovation to solve problems and take advantage of opportunities that people face every day.

The research method used is a literature review study by collecting data from various sources such as articles and journals that are relevant to the research topic. According to (Moloeng, 2014), data collection analysis can be used because it is a stable, rich and encouraging source and the documentation is natural in accordance with the physical context. And obey Sugiyono (2020:105) states that in general there are 4 (four) types of data collection techniques, namely observation, interviews and documentation. Analysis is carried out by summarizing the literature, identifying important themes, evaluating the strengths and weaknesses of the literature, and organizing these themes into one cohesive theme. By using this approach, it is hoped that the research results can provide a better understanding of the issues discussed and formulate more effective strategies in overcoming challenges in developing MSMEs and empowering women in the field of entrepreneurship.

## CONCLUSION

Based on the results of the literature review presented, it can be concluded that the role of MSMEs in economic development has a strategic role in Indonesia's economic growth. Indonesia's economic development is greatly influenced by the role of the Micro, Small and Medium Enterprises (MSME) sector and the empowerment of women in the field of entrepreneurship. MSMEs have a strategic role in economic growth, employment and distribution of results, especially in facing the economic crisis. Even though they have great potential, MSMEs are faced with a number of challenges, such as the availability and quality of human resources (HR), limited capital, difficult access to financing, and business climate conditions that are not yet conducive. Empowering women in entrepreneurship is also an important aspect in reducing unemployment and improving the economy of society at large. Through training, mentoring, and forming entrepreneurial groups, women can increase family economic income, socio-cultural values, and health through the production of healthy and hygienic food.

The literature review study carried out provides an in-depth understanding of the context, challenges and potential in developing MSMEs and empowering women in entrepreneurship. This makes it possible to formulate more effective strategies in increasing the contribution of MSMEs and women to national economic development. Thus, it is important to continue to encourage the role of MSMEs in national economic development by providing support in terms of education, capital, access to financing, as well as creating a conducive business climate. Apart from that, women's empowerment in entrepreneurship also needs to continue to be encouraged through training, mentoring and collaboration between communities. With these steps, it is hoped that the goal of creating MSMEs that can compete at the global level and improve the economic welfare of society at large can be achieved.

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