



Received: July 16, 2024

Revised: August 12, 2024

Accepted: August 15, 2024

\*Corresponding author: N. Nurbaeti,  
Department of Economics and  
Development Studies, Faculty of  
Economics and Business, Universitas  
Tadulako, Central of Sulawesi, Indonesia.

E-mail: [baeti9952@gmail.com](mailto:baeti9952@gmail.com)

## DESCRIPTIVE OF QUANTITATIVE DATA | SUPPLEMENTARY

# The Role of SMEs in Enhancing the Economy: A Case Study of the Alamanda Women's Craft Group

N. Nurbaeti<sup>1</sup>, Yunus Sading<sup>2</sup>, Armin Muis<sup>3</sup>, Anwar Nasruddin<sup>4</sup>, N. Nurnaningsih<sup>5</sup>

<sup>1,2,3,4,5</sup> Department of Economics and Development Study, Faculty of Economic and Business, Universitas Tadulako, Central of Sulawesi, Indonesia. Email: [baeti9952@gmail.com](mailto:baeti9952@gmail.com), [yunus\\_sading@untad.ac.id](mailto:yunus_sading@untad.ac.id), [arminmuis@untad.ac.id](mailto:arminmuis@untad.ac.id), [anwar@untad.ac.id](mailto:anwar@untad.ac.id), [nurnaningsih@untad.ac.id](mailto:nurnaningsih@untad.ac.id)

**Abstract:** The role of Micro, Small, and Medium Enterprises (SMEs) in economic development is particularly significant for the Alamanda Women's Craft Group in Watutau Village, impacting both human resources and income, which contribute to economic improvement. This descriptive qualitative and quantitative study emphasizes process and meaning through analysis. Data collection is the initial step in this study, involving interviews, documentation, and observation, which lead to the conclusion. The object of this research is the Alamanda Women's Craft Group SMEs in Watutau Village, Lore Peore District. The results of this study indicate that SMEs play a crucial role in enhancing the economy, particularly for members of the Alamanda Women's Craft Group. This conclusion is supported by evidence of job creation and improved community welfare, aligned with the economic growth observed.

**Keywords:** Increasing The Economy, SMEs, Alamanda Women's Craft Group.

## 1. INTRODUCTION

Small and Medium Enterprises (SMEs) have garnered significant attention due to their crucial contribution to the economy, particularly when compared to larger corporations. Globally, SMEs are recognized as a primary source of economic growth in several countries. In some nations, they contribute to 93% of job creation (Şener et al., 2017). SMEs play a vital role in poverty reduction and economic growth in less affluent countries (Nurrahman & Fikriah, 2017). They significantly contribute to the economy and community welfare by providing essential goods and services and creating employment opportunities. Furthermore, SMEs facilitate equitable development by promoting economic growth in various regions (Rambe et al., 2023).

According to Chapter 1, Article 1 of Law No. 20 of 2008 on Micro, Small, and Medium Enterprises, micro enterprises are defined as productive ventures operated by individuals or small business entities that meet specific criteria. Small enterprises are independent productive businesses run by individuals or entities, not linked to medium-sized businesses or other small enterprises (Said & Azhar, 2021). Watutau Village, located in the Lore Peore District and surrounded by the Lore Utara, Lore Tengah, and Lore Timur Districts, borders Sigi Regency and is situated within the Lore Lindu National Park conservation area, at an elevation of approximately 1,200 feet. The Alamanda Craft Group, formed in 2020 and comprising 13 members, is engaged in utilizing natural materials such as rattan, bamboo, coconut shells, jade stones, animal horns, and forest vines. These materials are crafted into finished products like bracelets, rings, necklaces, bags, and flowerpots. The group's products are primarily marketed within Watutau Village and at various exhibitions held locally and in surrounding regions.

SMEs, established by local communities, are anticipated to bolster the local economy. Entrepreneurs typically exhibit strong motivation and desire to establish SMEs. These enterprises have become invaluable for economic development and can compete with larger businesses. SMEs, being independently established and operated by individuals without ties to larger corporations, possess



significant potential that remains underutilized by stakeholders. Even religious boarding schools (pesantrens) are fostering economic independence, instilling a business-oriented spirit among students through religious approaches. To enhance the role of SMEs in boosting the community's economy, support from various sources, including the government, private sector, and the community, is essential. The government needs to implement policies that encourage SME growth, such as providing training, capital access, and market entry opportunities. The private sector should actively support SMEs, for instance, by purchasing SME products. With concerted efforts from all parties, SMEs can develop more rapidly and contribute more significantly to the community's economy. This research aims to offer solutions for SMEs, particularly the Alamanda Women's Craft Group, enabling them to grow their enterprises into primary income sources for their members. The findings from this study can also serve as a reference for future research. The research questions for this study are: What role do the Alamanda Women's Craft Group SMEs play in enhancing the economy in Watutau Village? What is the income generated by the Alamanda Women's Craft Group SMEs in Watutau Village? What are the production costs incurred by the Alamanda Women's Craft Group SMEs in Watutau Village?. The objectives of the study are to examine the role of the Alamanda Women's Craft Group SMEs in enhancing the economy in Watutau Village, to determine the income generated by these SMEs in the village, and to assess the production costs associated with operating the Alamanda Women's Craft Group SMEs in Watutau Village. This study aims to provide a comprehensive understanding of the economic contributions of these SMEs, the financial benefits for the community, and the economic dynamics involved in their operations.

## 2. LITERATURE REVIEW

Previous studies have explored the role of SMEs (Small and Medium Enterprises) in economic improvement, providing valuable references for theoretical research on this topic. Understanding the successes and challenges faced in past economic enhancement efforts can inform future strategies.

### 2.1 Definition of SMEs

According to Law No. 20 of 2008 concerning Micro, Small, and Medium Enterprises, SMEs are defined specifically: "micro enterprises" are productive businesses conducted by individuals or small business entities that meet specific criteria; "small enterprises" are independent productive businesses operated by individuals or entities that are not part of medium or large enterprises. Medium enterprises are productive businesses managed by individuals or entities that are not subsidiaries or branches of small or large businesses and have annual sales or net assets as regulated (Hariyoko, 2018).

### 2.2 Economic Improvement

Economics, in general, is a social science that studies how humans create, distribute, and consume goods and services. Often associated with household finance, the term "economy" derives from the Greek words "oikos" (household) and "nomos" (law), thus meaning the management or rules of a household. According to Abraham Maslow, economics is a discipline that can solve human life's problems by utilizing all economic resources and developing efficient and effective economic theories and systems (Murtaza & Aryani, 2021).

### 2.3 Production

Production involves efforts to increase profits by transforming forms, relocating goods, and storing them. The production function explains the relationship between production factors (inputs) and outputs. This relationship can be expressed with the equation:

$$Q = f(K, L, N, \text{ dan } T)$$

Where Q represents output, K is capital, L is labor, N is natural resources, and T is technology. Output can be increased by improving technology or increasing the inputs K, L, and N. Efficient use of inputs can lead to better results.

## 2.4 Costs

Production costs include all expenses necessary during the manufacturing process to produce outputs. These costs are categorized into fixed and variable costs. Fixed costs remain relatively constant and are incurred regardless of the production volume, while variable costs fluctuate with production levels (Simatupang et al., 2022).

## 2.5 Revenue

Revenue is the income received from the sale of products, which can be in the form of money or goods representing the value of those sales. The multiplication of the selling price and the quantity produced constitutes revenue. Revenue is influenced by the amount of production and the price of products; higher output and prices lead to increased revenue (Panjaitan et al., 2014).

## 2.6 Income

Income (revenue) refers to the total money received over a certain period from the sale of goods and services in a business unit. It differs from profit (income), which is the net amount after subtracting costs and expenses (Susanti & Fahlevi, 2016).

## 2.7 Previous Research Insights

According to Rambe et al. (2023), SMEs play a significant role in improving community welfare by creating job opportunities, allowing people to earn income to meet their daily needs, which potentially improves quality of life and reduces poverty. SMEs also indirectly enhance community welfare by stimulating local economies, especially in rural areas, by providing essential goods and services. Idayu et al. (2023) identified various challenges faced by SMEs in Nembol Village, Mandalawangi District, Pandeglang Regency, including capital, production, technology, marketing, human resources, bureaucracy, infrastructure, and social and economic aspects. They suggest that an effective growth strategy (SO Strategy) is crucial for utilizing existing strengths to enhance competitive advantages. Asfahani et al. (2023) emphasized the importance of market opportunities for SMEs, stating that providing market spaces can help expand their market reach and increase sales while strengthening ties between businesses and customers, thus contributing to local community formation. However, managerial and financial issues must be addressed through broader approaches, including financial support and intensive managerial training. Syabani (2021) highlighted the case of Imam Ahyani, an SME craftsman in Pasir Wetan Village, who demonstrated that SMEs can foster economic independence and provide employment opportunities, thereby supporting local economic development. His experience underscores the dual role of SMEs in economic growth and cultural preservation. Undari & Lubis (2021) found that SMEs in Perbaungan Bengkel Village, Perbaungan District, have the potential to enhance community economic welfare through diverse businesses, including small industries and food production. These activities support family economies, children's education, and community health security, illustrating the broad impact of SME-generated income on community well-being. The study concludes that SMEs in Perbaungan Bengkel significantly contribute to local economic improvement.

## 3. RESEARCH DESIGN AND METHOD

In this study, purposive sampling was used to select the sample location, employing both qualitative and quantitative descriptive analysis methods. The research was conducted in Watutau Village, where the census method was applied, involving in-depth interviews and investigations with respondents. The respondents included members of the Alamanda Women's Craft Group, an SME involved in handicrafts.

## 4. RESULT AND DISCUSSION

Watutau Village, located in Lore Peore District, Poso Regency, is a successful example of the development of the Micro, Small, and Medium Enterprises (SME) sector. Recent data indicates a



significant number of SMEs operating in the village, with almost every household engaged in various economic sectors such as trade, handicrafts, and food and beverage industries. The increase in the number of SMEs in Watutau Village did not happen overnight. It is the result of various economic empowerment programs initiated by the village government in collaboration with non-governmental organizations and the private sector. Key factors driving the growth of SMEs in the village include skills training, access to capital, and business mentoring.

The presence of SMEs in Watutau Village plays a vital role in boosting the local economy. They not only create job opportunities for the local community but also contribute to increased income and overall welfare. As the number of SMEs grows, Watutau Village's economic competitiveness improves, making it more resilient to economic shocks. Additionally, SMEs in Watutau Village help preserve local cultural heritage. Many businesses focus on traditional products, such as bamboo weaving, ikat weaving, and regional delicacies. This not only strengthens the village's cultural identity but also attracts tourists interested in exploring Watutau's cultural richness. Thus, the number of SMEs in Watutau Village reflects not only economic growth but also the collective effort of the community to create a better life. The potential of these SMEs demonstrates that, with the right support, the sector can continue to advance and provide sustainable benefits for the entire Watutau Village community. Aside from the reliance on SMEs, which form the foundation of Watutau Village's economy, other factors such as agriculture and livestock also play crucial roles in economic improvement. The agricultural and plantation sectors are the backbone of Watutau Village's economy. Fertile rice fields and improved cultivation techniques enable local farmers to produce high yields of rice, which meet local food needs and are marketed to surrounding areas. The village's cocoa and coffee plantations produce high-quality products that are in demand in both local and global markets. Proper training and management ensure that these products have high market value, enhancing the farmers' standard of living and significantly contributing to the village's economy. Moreover, corn plantations and cattle farming further strengthen Watutau Village's economy. The abundant corn production not only satisfies local needs but also provides economic benefits to farmers and opens new business opportunities for local SMEs. Cattle farming supplies animal protein and other products like milk and organic fertilizer, supporting the welfare of farmers and the village's economy. The combination of these sectors creates a positive synergy, enhancing the village's economic resilience and growth. Agriculture serves as the main supplier in boosting the economy of Watutau Village. Interviews with sources indicate that a 120.5-hectare coffee plantation yields 12,050 kg (12 tons) per harvest. Another major contributor is a 363-hectare cocoa plantation, producing 72,600 kg (72.6 tons) per harvest. This data highlights the significant impact of agriculture and plantation sectors on improving the economy in Watutau Village. Thus, the strong contribution of SMEs, supported by agricultural and livestock sectors such as rice paddies, cocoa, coffee, corn, and cattle farming, creates a positive synergy in Watutau Village's economy. The integration of these various sectors not only strengthens the village's economic resilience but also opens opportunities for sustainable growth and overall community welfare.

## 5. CONCLUSIONS

Watutau Village in Lore Peore District, Poso Regency, has experienced significant economic development, driven by the strong contribution of SMEs as well as the agricultural and livestock sectors. SMEs in the village play a crucial role in increasing income and community welfare, creating jobs, and enhancing the village's economic competitiveness.

The agricultural sector, including rice paddies, cocoa, coffee, and corn plantations, along with cattle farming, forms the backbone of the village's economy. Improved cultivation techniques, farmer training, and proper management have ensured high-quality products in demand in local and global markets. The combined contributions of SMEs and the agricultural and livestock sectors have created a positive synergy that strengthens the village's economic resilience and growth. This opens opportunities for sustainable growth and enhances the overall welfare of the community.

## REFERENCES

- Asfahani, A., Pasaribu, A. A., & Suwarna, A. I. (2023). Pendampingan UMKM melalui Penyediaan Lapak dalam Meningkatkan Perekonomian Masyarakat. *Assoeltan: Indonesian Journal of Community Research and Engagement*, 1(1), 31–41.
- Hariyoko, Y. (2018). Pengembangan UMKM di Kabupaten Tuban. *JPAP: Jurnal Penelitian Administrasi Publik*, 4(1), 1011–1015. <https://doi.org/10.30996/jpap.v4i1.1286>
- Idayu, R., Afiah, E. T., Nurizki, A. T., & Sunaryo, D. (2023). Pelatihan Laporan Keuangan Kemasan Produk Dan Pemasaran Kepada Pelaku Usaha Bakso Ikan Di Desa Wanasalam Lebak. *Jurnal Abdimas Bina Bangsa*, 4(2), 949–954.
- Murtaza, A., & Aryani, A. T. D. (2021). Pengaruh Volume Perdagangan, Laba Akuntansi dan Profitabilitas Terhadap Return Saham Syariah Dimoderasi Pengungkapan ISR. *Jurnal Akuntansi Dan Audit Syariah*, 2(2), 147–169.
- Nurrahman, T. S. M., & Fikriah. (2017). Analysis of micro and small and medium enterprises (SMEs) in the trade sector in the city of Banda Aceh. *Jurnal Ilmiah Mahasiswa (JIM)*, 2(2), 320–328.
- Panjaitan, F. E. D., Lubis, S. N., & Hasyim, H. (2014). Analisis efisiensi produksi dan pendapatan usahatani jagung (studi kasus: desa kuala, kecamatan tigabinanga, kabupaten karo). *Journal of Agriculture and Agribusiness Socioeconomics*, 3(3), 15214.
- Rambe, R., Ramadhani, G., & Akmalia, T. F. (2023). Peran Umkm Dalam Meningkatkan Perekonomian Dan Kesejahteraan Masyarakat. *MUSYTARI: Neraca Manajemen, Ekonomi*, 3(3), 81–90.
- Rambe, R., Ardianti, H., & Amanda, N. P. (2023). Pengaruh Pengembangan UMKM Melalui Media Sosial di Era Modern. *Musyari: Neraca Manajemen, Akuntansi, Dan Ekonomi*, 1(10), 21–30.
- Said, S., & Azhar, A. (2021). Peran Usaha Mikro, Kecil Dan Menengah (Umkm) Dalam Meningkatkan Ekonomi Keluarga Di Kelurahan Mande Kecamatan Mpunda Kota Bima. *Jurnal PenKomi : Kajian Pendidikan Dan Ekonomi*, 4(1), 29–41. <https://doi.org/10.33627/pk.v4i1.439>
- Şener, Ş., Şener, E., & Davraz, A. (2017). Evaluation of water quality using water quality index (WQI) method and GIS in Aksu River (SW-Turkey). *Science of the Total Environment*, 584, 131–144.
- Simatupang, A. E. C., Simatupang, J. T., & Berutu, P. T. S. S. (2022). Analisis Nilai Tambah dan Strategi Pengembangan Agroindustri Kopi Bubuk Robusta. *Jurnal Methodagro*, 8(1), 67–76.
- Susanti, S., & Fahlevi, H. (2016). Pengaruh pendapatan asli daerah, dana alokasi umum, dan dana bagi hasil terhadap belanja modal (studi pada kabupaten/kota di wilayah Aceh). *Jurnal Ilmiah Mahasiswa Ekonomi Akuntansi*, 1(1), 183–191.
- Syabani, F. (2021). The Role of Micro, Small And Medium Enterprises In Improving The Independent Economy (Case Study: Craftsman Lencana Desa Pasir Wetan). *Jurnal Pengabdian Kepada Masyarakat Universitas Bangka Belitung*, 8(2), 86–93.
- Undari, W., & Lubis, A. S. (2021). Usaha Mikro Kecil Dan Menengah (Umkm) Dalam Meningkatkan Kesejahteraan Masyarakat. *Jurnal Penelitian Pendidikan Sosial Humaniora*, 6(1), 32–38.