

CASE STUDY OF THE IMPLEMENTATION OF THE MICRO, SMALL, AND MEDIUM ENTERPRISE HOME INDUSTRY PROGRAM IN NENAS SIAM VILLAGE, MEDANG DERAS DISTRICT, BATU BARA REGENCY

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Abstract

This study aims to analyse the implementation of the Micro, Small, and Medium Enterprises (MSMEs/UMKM) home-industry programme in Nenas Siam Village, Medang Deras Sub-district, Batu Bara Regency. Home-industry MSMEs play a strategic role in the economic empowerment of rural communities, particularly in raising household income and creating family-based employment opportunities. However, the implementation of MSME programmes at the village level still faces multiple challenges, ranging from capital, human resource capacity, and marketing to institutional aspects. The study uses a descriptive qualitative approach with a case-study method. Data were collected through in-depth interviews, observation, and documentation involving home-industry MSME actors, village officials, programme facilitators, and other related stakeholders. Data were analysed using the interactive model of Miles and Huberman, which includes data reduction, data presentation, and conclusion drawing. The findings show that the implementation of the home-industry MSME programme in Nenas Siam Village has progressed through socialisation, training, mentoring, and business facilitation. Nevertheless, programme implementation has not been fully optimal. The village government plays a role as facilitator and connector among parties, while related agencies and facilitators provide technical and managerial support. The main constraints faced by businesses include limited capital, equipment, marketing, and low business management capacity. Despite these constraints, the programme has produced positive impacts in terms of higher product quality, increased self-confidence among entrepreneurs, and contribution to household income. The study provides recommendations for governments and stakeholders to strengthen the implementation of home-industry MSME programmes in rural areas.

Keywords: MSME; Home Industry; Community Empowerment; Case Study; Village

INTRODUCTION

In many rural areas in Indonesia, the local economy still relies on small-scale household- and community-based businesses. Home industries are a crucial sector because they supplement family income and absorb local labor, which is difficult to find in the formal sector (Tampubolon, 2024; Anisa, Noor, & Nugroho, 2024). In the context of Nenas Siam Village, Medang Deras District, Batu Bara Regency, the community needs alternative, labor-intensive economic activities that leverage local potential to strengthen the household economy.

Since the enactment of Law Number 6 of 2014 concerning Villages, village governments have been granted the authority and resources to design community economic empowerment programs (Republik Indonesia, 2014; Wildatul, 2025). In the 2025 fiscal year, the national Village Fund allocation of IDR 71 trillion includes economic empowerment as a priority (Ministry of Finance of the Republic of Indonesia, 2024). At the MSME policy level, the government has a development framework involving relevant agencies, financial institutions, and village facilitators, with the goal of increasing the capacity of small businesses to develop into productive economic units.

Previous studies have noted that the contribution of home-based MSMEs to the village economy is significantly influenced by access to capital, human resource capacity, and marketing channels

(Tambunan, 2021; Sembiring, Hasibuan, & Lubis, 2024). Community social capital acts as a safeguard, lowering transaction costs (Dinata, Yulia, & Pratiwi, 2024). The Local Economic Development (LED) approach positions business actors as key actors, not simply recipients of assistance (Putri, Andiny, Safuridar, & Martahadi, 2024). However, studies examining the implementation of home-based MSME programs through case studies in the context of coastal villages in North Sumatra, combining the perspectives of empowerment, policy implementation, LED, and social capital, are relatively limited.

Nenas Siam Village was chosen as the location for its diverse distribution of home-based MSMEs, ranging from food processing and crafts to home-based services. This diversity allows for an empirical analysis of the dynamics of program implementation at the village level. Based on this background, this study aims to address four issues. First, to analyze the design of the home-based MSME program and its implementation mechanisms. Second, to identify the roles of the village government and related actors. Third, to identify supporting factors, constraints, and business actors' adaptation strategies. Fourth, to examine the program's impact on business development and household welfare. The novelty of this study lies in its integrated analysis of five theoretical frameworks for interpreting the home-based MSME program in the context of coastal villages in North Sumatra.

RESEARCH METHODS

This research used a descriptive qualitative approach with a case study method (Nurhayati, Apriyanto, Ahsan, & Hidayah, 2024; Mulyana et al., 2024). The research location was purposively selected in Nenas Siam Village, Medang Deras District, Batu Bara Regency, North Sumatra Province, considering that the village operates a home industry MSME program with a diverse distribution of businesses. The research was conducted from March to May 2025.

Informants were selected through purposive sampling, with the composition presented in Table 1. Data were collected using three complementary techniques: in-depth interviews, observation, and documentation (Sari, Aprisilia, & Fitriani, 2025). The documentation study included village MSME data, training activity reports, and mentoring documents from relevant agencies. Data analysis was conducted using the Miles and Huberman interactive model, encompassing data reduction, data presentation, conclusion drawing, and verification. Data validity was maintained through source and technique triangulation.

Table 1. Composition of Research Informants

No	Informant	Roles in the Home Industry MSME Program
1	Nenas Siam Village Head	Program facilitator and liaison between stakeholders
2	Village Secretary and Village Officials	Program administration and documentation coordinator
3	Village Facilitators and Extension Workers	Provider of technical and managerial guidance for MSMEs
4	Food Processing MSMEs	Key actors in snack and fish processing production
5	Craft and Service MSMEs	Producer of crafts and home services
6	Community Leaders	Provider of social perspectives and community dynamics

Source: *Processed by researchers (2025).*

RESULTS AND DISCUSSION

MSME Actor Profile and Program Design

Home industry MSMEs in Nenas Siam Village are spread across three main categories: food processing (snacks, fish crackers, smoked fish), handicrafts (woven fabrics, bags), and home services (sewing, small salons). Most of these businesses are women who run their businesses as side jobs for their families, although in some cases, these businesses have become the primary source of household income. The businesses are generally small-scale, employing 1 to 4 people, mostly family members or neighbors.

The home industry MSME program design was developed through coordination between the village government and the district's Cooperatives and SMEs Office. The program implementation flow is presented in Figure 1. The stages begin with program socialization, registration/data collection of prospective participants, training and mentoring, access to capital/equipment, production/quality improvement, and marketing and network development. This flow follows the empowerment framework of awareness, capacity building, and empowerment (Tampubolon, 2024).

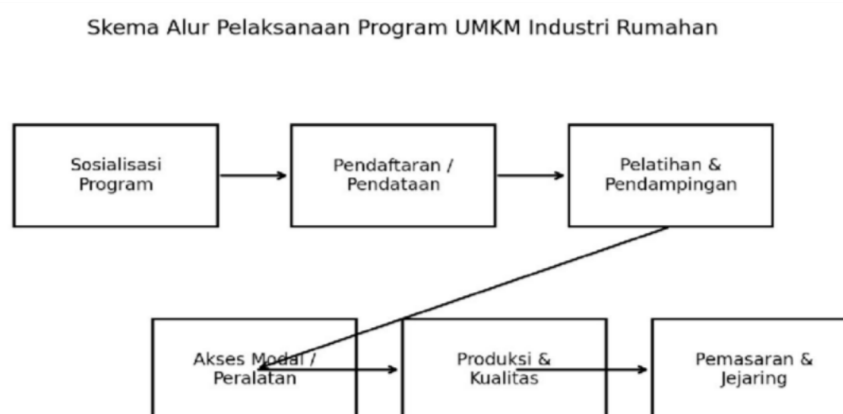


Figure 1. Schematic flow of implementation of the home industry MSME program in Nenas Siam Village

Program Implementation at Field Level

Program socialization was implemented by the village government through hamlet meetings and open invitations. Attendance at these socialization events was quite good in the central hamlet, but tended to be low in the outlying hamlets. Training and mentoring were the most frequently received forms of support by business actors (Figure 2), followed by mentoring, equipment assistance, exhibitions, access to the Small Business Credit (KUR), and digitalization.

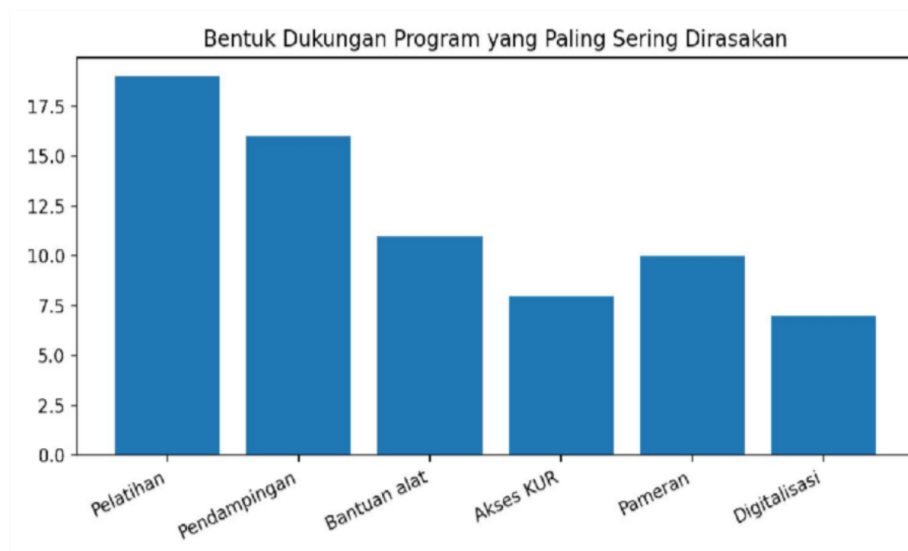


Figure 2. Distribution of forms of support from home industry MSME programs that are most frequently felt by business actors.

The distribution pattern of support indicates that the program focuses on capacity building (training and mentoring) as the primary instrument. Assistance with tools and marketing access (exhibitions) occupy a medium-sized role, while digitalization remains relatively low. This pattern aligns with the early stages of MSME empowerment, although low digitalization can be a competitive barrier in today's digital economy.

The role of the village government is seen at three levels. First, as a facilitator connecting MSMEs with relevant agencies. Second, as an administrator providing introductory documents and recommendations. Third, as a motivator encouraging residents to participate in training. This facilitator role aligns with the implementation model that positions the village government as a bridge between supra-village policies and local beneficiaries (Wahyu, Susanti, & Rahmat, 2024).

Supporting Factors and Constraints

Supporting factors for implementation encompass four domains. First, strong community social capital, namely kinship networks that facilitate initial marketing because residents purchase each other's products (Marlina, Saputra, & Hidayah, 2024). Second, policy support from the central and regional governments, particularly through Village Funds and ministry programs. Third, the ongoing role of village facilitators and service extension workers. Fourth, the entrepreneurial spirit of business actors, generally driven by family economic needs.

The dominant obstacles faced by MSMEs are presented in Figure 3. Capital is the biggest obstacle (22 complaints), followed by marketing (20), raw materials (14), human resources/skills (13), equipment (11), and permits (9).

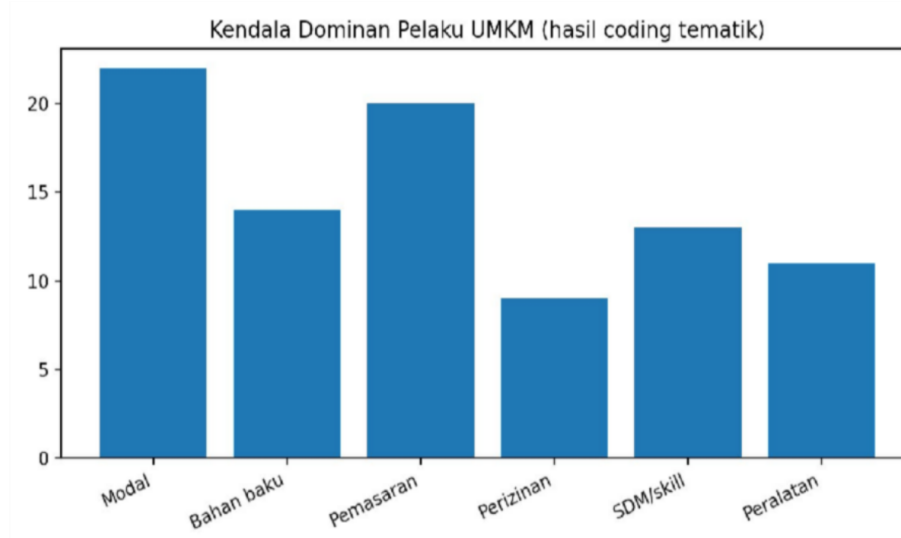


Figure 3. Dominant constraints of home industry MSME actors in Nenas Siam Village based on thematic coding

Capital. Business owners rely on their own limited capital. Access to formal banking is hampered by the lack of collateral and formal business documents. People's Business Credit (KUR) is an alternative, but not all MSMEs meet the administrative requirements.

Marketing. Business owners sell products to local markets through consignment shops and regular customers. This community-based market quickly saturates, making it difficult for businesses to grow beyond the village scale. Access to a broader market through digital platforms remains limited.

Raw materials, equipment, and human resources. Fish raw materials for food processing depend on the daily catch, resulting in unstable production. Household equipment is limited and some is obsolete. Financial management and record-keeping skills are still low, making it difficult to accurately assess profit and loss.

Licensing. Some MSMEs lack a micro-business permit (NIB) or PIRT certification. This situation limits access to formal markets such as minimarkets or government programs that require business legality.

Program Impact and Adaptation Strategy

Despite various obstacles, the program has had a positive impact in three areas. The first area is improving production quality, particularly after training on hygiene, packaging, and product diversification. The second area is increasing business actors' self-confidence. Entrepreneurship training makes entrepreneurs feel more legitimate as 'small entrepreneurs' rather than simply 'side hustlers.' The third area is a tangible contribution to household income, although the amount varies among entrepreneurs.

The adaptation strategies of MSMEs demonstrate significant creativity. First, they utilize instant messaging platforms (WhatsApp) for ordering and promotion, although they have not yet reached full e-commerce. Second, they collaborate with other entrepreneurs to share equipment and technical knowledge. Third, they diversify

products to adapt to seasonal or market demand. These strategies demonstrate that social capital and individual initiative can offset limited financial capital.

The theoretical implications of these findings position the empowerment of home-based MSMEs as a gradual process requiring the integration of five dimensions. First, technical capacity (training, mentoring). Second, financial capacity (capital, access to credit). These two dimensions need to be supported by marketing capacity (market access), administrative capacity (licensing, record-keeping), and social capital (community networks). A partial approach that focuses on only one dimension will produce limited and unsustainable impact.

CLOSING

Conclusion

The implementation of the home industry MSME program in Nenas Siam Village has been carried out through outreach, training, mentoring, and business facilitation. The village government acts as a facilitator and liaison, while local government agencies and facilitators provide technical and managerial support. Key supporting factors include community social capital, policy support, the role of facilitators, and entrepreneurial spirit. The dominant constraints are capital, marketing, raw materials, human resources, equipment, and permits. Despite these challenges, the program has had a positive impact on improving production quality, increasing business confidence, and contributing to household income.

Suggestion

Village governments need to expand empowerment by integrating five dimensions: technical, financial, marketing, administrative, and social capital capacity. The government should facilitate the processing of NIB (National Business Registration Certificate) and PIRT (Vehicle Identification Number) for MSMEs, thereby increasing access to formal markets and government programs. Service extension workers should expand training on digital marketing and simplified financial record-keeping. Formal and microfinance institutions should develop more user-friendly credit schemes for home-based MSMEs, considering social collateral or group schemes. MSMEs are advised to strengthen collaboration among actors to share equipment, market networks, and technical knowledge. Further research is recommended using comparative studies of several villages in Batu Bara Regency to map good practices in home-based MSME governance.

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