EDUSIGHT *ISSN: 3046-9023*
JURNAL PENGABDIAN MASYARAKAT (EduJPM)
Volume 3 No 3
Published on August 2026

Women's Community Empowerment through Micro, Small, and Medium Enterprise (MSME) Development: A Quantitative Approach to Strengthening the People's Economy

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Abstract

This study examines the implementation of women's empowerment programs through the development of Micro, Small, and Medium Enterprises (MSMEs) using a quantitative approach. In Indonesia, women account for approximately 64.5% of the 65 million MSME actors, while the MSME sector contributes 61% to the national Gross Domestic Product (GDP). The study involved 120 female MSME entrepreneurs in Magelang Regency, with data collected through a survey using a structured questionnaire. The results of multiple regression analysis indicate that skills training ($\beta = 0.456$, $p < 0.05$), access to capital ($\beta = 0.389$, $p < 0.05$), and digital marketing ($\beta = 0.367$, $p < 0.05$) have significant effects on increasing MSME turnover. The implementation of the empowerment program also resulted in an average increase in business turnover of 45% over a six-month period. These findings demonstrate that women's empowerment programs focusing on skills development, improved access to capital, and the utilization of digital marketing can strengthen women's economic capacity while contributing to poverty alleviation at the community level..

***Keywords**: women's empowerment, MSMEs, business development, people's economy, turnover growth*

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1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a strategic role in Indonesia's economy and serve as one of the main pillars supporting national economic development. According to data from the Ministry of Cooperatives and SMEs, MSMEs contribute approximately 61% to the national Gross Domestic Product (GDP) and account for 97% of total employment absorption in Indonesia (Coordinating Ministry for Economic Affairs, 2023). The MSME sector has demonstrated considerable resilience as an economic buffer, particularly during periods of global economic uncertainty and the COVID-19 pandemic. With more than 65 million MSME units operating across Indonesia, this sector reflects a broad distribution of economic activity that reaches grassroots communities. MSMEs also contribute 14.17% of Indonesia's total national exports, equivalent to approximately USD 19.2 billion in 2023. This contribution highlights the substantial potential of MSMEs to generate foreign exchange and strengthen Indonesia's competitiveness in the global market. Furthermore, MSMEs contribute to reducing regional economic disparities because many of these businesses operate in rural and peripheral areas that have traditionally received limited access to large-scale industrial activities.

One notable characteristic of Indonesia's MSME sector is the substantial participation of women, who account for approximately 64.5% of all MSME actors (Masduki, 2021). Data from the Ministry of Women's Empowerment and Child Protection indicate that more than 38 million MSMEs are managed by women, with the projected value of these businesses reaching USD 135 billion by 2025 (Ministry of Women's Empowerment and Child Protection, 2024). The significant involvement of women in MSMEs is associated with various characteristics that can support entrepreneurial activities, including persistence, diligence, resilience, patience, honesty, responsibility, determination, enthusiasm, and discipline. Women's contribution to MSMEs extends beyond their role as business owners or managers. They also function as important economic contributors within their households and local communities. Statistics Indonesia (BPS) reported in 2024 that 14.37% of female workers in Indonesia were female breadwinners, indicating that approximately one in ten working women

serves as the primary economic provider for their families. This situation illustrates the dual responsibilities experienced by many women, who simultaneously participate in productive economic activities while managing domestic and household responsibilities.

Women's participation in the MSME sector generates a substantial multiplier effect on the broader economy. Women tend to direct a considerable portion of their income toward household needs, particularly children's education, healthcare, and nutrition. Such allocation can contribute indirectly to the improvement of human resource quality. Previous studies indicate that a 1% increase in women's economic participation may contribute to an increase of approximately 0.2–0.3% in national GDP. Despite the high proportion of women involved in MSMEs, Indonesia continues to face significant gender disparities in economic empowerment. According to an INSEAD report, Indonesia ranks 109th among 134 countries in terms of women's economic empowerment. This disparity is evident in several areas, including access to financial capital, skills development and training, and market penetration, all of which remain relatively constrained for many women entrepreneurs.

According to BPS data, Indonesia's poverty rate stood at 8.57% in September 2024, declining from 9.03% in March 2024. However, a gender-based analysis indicates that women remain more vulnerable to poverty, particularly female-headed households and women living in rural areas. This vulnerability is further intensified by limited access to economic resources, technology, and business networks that are essential for business development. Unequal access to financing represents one of the major barriers to the growth of women-owned MSMEs. Available data indicate that the level of confidence among formal financial institutions toward women MSME entrepreneurs ranges from only 45–55%, considerably lower than that toward male entrepreneurs. Consequently, many women are compelled to rely on informal sources of financing that often impose relatively high interest rates, which can subsequently reduce business profitability.

Considering the strategic contribution of women to the MSME sector and the various barriers they encounter, community-based women's empowerment programs are increasingly important. Well-designed empowerment initiatives can serve as catalysts for improving MSME performance and, ultimately, contribute to broader national

development objectives, including poverty alleviation and the reduction of economic inequality. The success of women's empowerment initiatives in the MSME sector extends beyond individual income growth, as it can also strengthen household economic stability and community resilience. Economically empowered women are more likely to participate actively in household decision-making, possess stronger bargaining power, and serve as agents of change within their communities. Therefore, empowerment programs should be designed based on the specific needs and circumstances of women MSME entrepreneurs to maximize their potential impact. Such programs should address multiple dimensions of business development, including technical and managerial skills, access to financing, market expansion, and the adoption of digital technologies to broaden business reach.

Against this background, this study seeks to address the following questions: How effective are women's community empowerment programs in improving MSME performance, and which factors significantly influence the success of such programs? Accordingly, this study aims to evaluate the effectiveness of women's community empowerment programs in MSME development using a quantitative approach. More specifically, the study aims to: (1) identify the factors that influence the success of women's MSME empowerment programs; (2) measure the impact of empowerment programs on MSME turnover and overall business performance; (3) examine differences in MSME performance before and after participation in the empowerment program; and (4) formulate recommendations for developing more effective women's MSME empowerment programs. The findings are expected to provide empirical evidence concerning the effectiveness of empowerment initiatives and their contribution to strengthening the people's economy at the community level.

2. METHODS

This study employed a quantitative approach using a survey method to evaluate the effectiveness of a women's community empowerment program in supporting the development of Micro, Small, and Medium Enterprises (MSMEs). A quasi-experimental

research design with pre-test and post-test measurements was applied to assess the impact of the empowerment program on MSME performance.

The study population consisted of women MSME entrepreneurs in Magelang Regency who were registered in the community empowerment program in 2024. Participants were selected using purposive sampling based on the following criteria: (1) women MSME entrepreneurs whose businesses had been operating for at least one year; (2) participants who completed the entire empowerment program; and (3) individuals who voluntarily agreed to participate as research respondents. A total of 120 respondents were included in the study, comprising 60 participants in the treatment group and 60 participants in the control group.

The independent variables consisted of skills training (X1), access to business capital (X2), digital marketing (X3), and management assistance (X4). The dependent variable was the increase in MSME turnover, measured by comparing business turnover before and after participation in the empowerment program. Several demographic and business characteristics, including age, educational attainment, business duration, and type of business, were included as control variables.

Data were collected using a structured questionnaire that had undergone validity and reliability testing. The instrument contained 45 items measured using a five-point Likert scale ranging from 1 to 5. Construct validity was assessed using the Pearson product-moment correlation, with an acceptable criterion of r-calculated > 0.30. Reliability was evaluated using Cronbach's Alpha, with a coefficient greater than 0.70 considered to indicate adequate internal consistency.

The collected data were analyzed using both descriptive and inferential statistical techniques. Prior to the primary analysis, several classical assumption tests were conducted, including tests for normality, linearity, multicollinearity, and heteroscedasticity. Multiple linear regression analysis was subsequently employed to identify the factors significantly associated with increases in MSME turnover. In addition, a paired-samples t-test was conducted to examine differences in MSME conditions before and after implementation of the empowerment program.

3. RESULT AND DISCUSSION

The findings indicate that most respondents were between 31 and 45 years of age (58.3%), while 45.8% had completed senior high school or an equivalent level of education. In terms of business experience, 52.5% had been operating their businesses for between two and five years. Culinary businesses represented the largest proportion of enterprises (40%), followed by fashion (25%), handicrafts (20%), and other business sectors (15%). These characteristics suggest that the majority of women MSME entrepreneurs are within the productive age range and possess an educational background that is relatively adequate for participating in empowerment activities.

The validity assessment demonstrated that all questionnaire items met the required validity criteria, with correlation coefficients above 0.30. The correlation values ranged from 0.312 to 0.847. Furthermore, the reliability test produced a Cronbach's Alpha coefficient of 0.923 for the overall instrument, indicating a very high level of internal consistency. Therefore, the questionnaire was considered sufficiently reliable for data collection and subsequent analysis.

The empowerment program consisted of several activities, including production skills training (mean = 4.12), financial management training (mean = 3.89), access to capital through cooperatives (mean = 3.76), and digital marketing training (mean = 4.25). Digital marketing training obtained the highest mean score, reflecting the participants' strong interest in utilizing digital technology to expand and improve their businesses. The results of the prerequisite tests indicated that the data were normally distributed, as evidenced by a Kolmogorov-Smirnov significance value of $p > 0.05$. The analysis also showed no indication of multicollinearity, with VIF values below 10, while the assumption of homoscedasticity was satisfied.

Multiple regression analysis produced the following regression equation:

$$\mathbf{Y = 12.45 + 0.456X1 + 0.389X2 + 0.367X3 + 0.234X4}$$

The coefficient of determination was $R^2 = 0.687$, indicating that the variables included in the model collectively explained 68.7% of the variation in MSME turnover. Skills training (X1) demonstrated the strongest influence on turnover growth, with a

regression coefficient of 0.456 ($p < 0.05$). This result indicates that a one-unit improvement in the quality of skills training was associated with a 45.6% increase in MSME turnover. Access to capital (X2) contributed 38.9% to turnover growth ($p < 0.05$), while digital marketing (X3) contributed 36.7% ($p < 0.05$).

The paired-samples t-test further confirmed a statistically significant difference between MSME turnover before and after participation in the empowerment program ($t = -8.924$, $p < 0.001$). Average monthly turnover increased from Rp 3,245,000 before the program to Rp 4,706,000 following program implementation. This represents a 45% increase in turnover over a six-month period, indicating that the empowerment program was associated with substantial improvements in the economic performance of participating MSMEs.

When examined by business sector, culinary enterprises recorded the largest increase in turnover at 52%, followed by fashion businesses at 41%, handicraft enterprises at 38%, and service businesses at 35%. The relatively higher growth observed in the culinary sector may be attributed to the ease of implementing digital marketing strategies and strong consumer demand for locally produced food products.

Several factors contributed to the successful implementation of the empowerment program. The strongest supporting factors were participants' high level of commitment (85%), family support (78%), and the quality of mentoring provided (72%). Conversely, the main challenges identified were limited time availability (43%), technological constraints (35%), and transportation difficulties (28%). Identifying these supporting and inhibiting factors provides valuable input for improving the design and implementation of similar empowerment programs in the future.

Overall, the women's empowerment program for MSME development demonstrated a positive contribution to strengthening the people's economy. The increase in MSME turnover can improve purchasing power within the community and generate a multiplier effect across other economic sectors. The findings indicate that every Rp 1,000 increase in MSME turnover generates an estimated economic impact of Rp 1,450 at the community level, highlighting the broader economic benefits associated with strengthening women-led MSMEs.

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4. CONCLUSION

This study demonstrates that women's community empowerment programs aimed at developing Micro, Small, and Medium Enterprises (MSMEs) can effectively improve the economic performance of participating entrepreneurs. Skills training, access to capital, and digital marketing were found to have significant effects on MSME turnover growth, with respective contributions of 45.6%, 38.9%, and 36.7%. The implementation of the empowerment program resulted in an average 45% increase in business turnover over a six-month period, indicating its effectiveness in generating short-term economic improvements.

The successful implementation of the empowerment program also contributed positively to the people's economy by increasing community purchasing power and generating a multiplier effect at the local level. The substantial participation of women in the MSME sector, representing 64.5% of total MSME entrepreneurs, further demonstrates the significant potential of women's economic empowerment as a mechanism for supporting national economic growth.

For future programs, several improvements are recommended, including extending the duration of business mentoring, strengthening women's access to financing through microfinance institutions, and developing dedicated digital platforms to support women-owned MSMEs. Empowerment initiatives should also be implemented continuously and accompanied by regular evaluations to assess their sustainability and ensure that they generate long-term improvements in community welfare.

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