



## DEVELOPMENT OF SNACK UMKM IN OVERCOMING CHALLENGES AND INCREASING ECONOMIC OPPORTUNITIES IN KEDUNG REJOSO VILLAGE

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### Abstract:

The development of snack UMKM in Kedung Rejoso Village has great potential to improve the village's economy, although it still faces several challenges. This article aims to analyze how the development of snack UMKM can help overcome existing obstacles and create economic opportunities in the village. This study uses a descriptive qualitative method with data collection techniques through observation, documentation, and interviews with UMKM owners. The research findings show that the development of snack UMKM in Kedung Rejoso Village has a positive impact on the local economy, but there are still significant challenges to overcome, such as limited capital, restricted marketing, and difficulties in obtaining quality raw materials. These challenges require support from various parties, including the government, financial institutions, and the private sector. For instance, funding or loans from financial institutions can address the capital issue. Meanwhile, expanding marketing through the use of technology and social media could be a strategic step. Furthermore, the sustainability of snack UMKM businesses also depends on the availability of quality raw materials, which requires cooperation with reliable suppliers. This support is crucial for the development of snack UMKM to make a significant contribution to the economy of Kedung Rejoso Village.

**Keywords:** *UMKM development, Challenges, Economic Opportunities.*

### INTRODUCTION

Micro, Small, and Medium Enterprises (UMKM) are key economic actors that play an important role, place, and contribution in influencing the economy of Indonesia. This is because UMKM are easy to run and adaptable to market changes. UMKM also play a vital role in job creation, as they can provide employment opportunities for job seekers and require relatively small capital compared to large industries, which helps reduce financial risks.

The development of an economy based on wide community participation as business actors is a commitment by the government in the current economic development (Heliantina, 2017). One form of this economic development is well accommodated by the presence of micro, small, and medium-scale business actors. On a macro level, UMKM contribute significantly to our economy, as evidenced by official data from the Ministry of Cooperatives and UMKM, which shows that from 2018 to 2019, UMKM accounted for 64.2 million business units, or 99.99% of the total business actors in Indonesia.

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The business opportunities in UMKM make it possible for any field to have potential as an UMKM business, as long as the actors have creative ideas, skills, and expertise to develop their business and sell it both online and offline. The current challenge for UMKM is market competition, which must be faced by producing a variety of innovations and services to survive in local markets and compete with large companies.

The opportunities and challenges in developing micro, small, and medium snack businesses in Kedung Rejoso, through the utilization of local agricultural products as local resources, offer significant potential in improving the community's welfare. Snack UMKM in Kedung Rejoso produce a variety of snacks, including chips. The chips produced come in several types, such as cassava chips, banana chips, taro chips, breadfruit chips, and tempeh chips. In addition to chips, these UMKM also produce other snacks, such as macaroni in various flavors like original, spicy balado, and regular balado. There are also sun snacks, nuts, and crackers in various flavors.

One of the challenges faced by UMKM in Kedung Rejoso recently is the expansion of the digital economy, which requires MSMEs to understand information technology. Many UMKM actors are already using the internet or have websites, but their products or services, which are managed independently, often cannot reach markets outside the region and remote areas. Additionally, they cannot compete with large businesses that already have loyal customers and established marketplaces.

Based on the discussion above, this study will focus on the challenges and opportunities for UMKM in Kedung Rejoso, serving as a reference for business actors in developing their businesses and for new business actors in the empowerment and development of UMKM in Kedung Rejoso Village.

## **RESEARCH METHODOLOGY**

The research method used in this study is a descriptive qualitative method. This study aims to describe the events or phenomena that are currently occurring in Kedung Rejoso Village, particularly related to the development of snack UMKM. The researcher focuses on direct observation of the snack business activities in the village and presents the findings in a structured written format within this article.

This research was conducted in Kedung Rejoso Village by selecting relevant informants, specifically the owners of snack UMKM in the village. The selection of these informants aims to gather information directly from the business actors who run snack UMKM, ensuring that the data obtained is more accurate and reflective of the real situation in the field. This also facilitates the researcher in exploring various pieces of information related to the business development and challenges faced by UMKM actors.

The data collection techniques used in this research include direct observation at the UMKM locations. The researcher visited the snack business sites to observe the production process, marketing, and interactions between the business actors and consumers. In addition to observation, the researcher also documented the snack products produced by UMKM in Kedung Rejoso, to record the various types of products circulating in the market.

Furthermore, the researcher conducted interviews with UMKM owners to gain more in-depth information about the factors influencing business success and the challenges encountered in running the business. Through these interviews, the researcher was able to obtain a clearer understanding of the dynamics in the field and gain firsthand perspectives from UMKM actors regarding the challenges and opportunities they face in developing the snack business in Kedung Rejoso Village.

## **RESULTS AND DISCUSSION**

### **The Potential of Snack UMKM in Kedung Rejoso Village**

The potential of UMKM according to Law No. 20 of 2008 is to realize economic growth, income distribution, and the improvement of people's income, job creation, and poverty reduction. Meanwhile, according to the Regulation of the Minister of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia No. 07/Per/M.KUKM/VII/2015 on the Strategic Plan of the Ministry of Cooperatives and Small and Medium Enterprises for 2015-2019, it is stated that "the potential of UMKM is demonstrated by their role as a source of community income, meeting the needs for domestic goods and services, job creation, and increasing added value that impacts poverty reduction and economic growth." The potential of UMKM in the future can be influenced by both internal and external factors.

#### **Internal Potential**

1. The large number of UMKM is a fundamental asset for contributing more significantly to the economy;
2. The flexible structure and characteristics of UMKM ' organizations, businesses, and management make it easier for them to adapt to changes in capacity, as well as market and economic changes;
3. UMKM produce products and services at affordable prices for the community, thus contributing to strengthening the domestic market, particularly in providing goods and services that meet basic community needs;
4. Most UMKM products are closely linked to local resources and culture, as well as knowledge, skills, and work patterns passed down through generations. The use of local resources reduces dependency on imported raw materials;
5. The large number of UMKM provides potential for the development of business linkages in the value chain and supply chain, which can improve production and marketing system efficiency.

#### **External Potential of UMKM**

1. Legal certainty for UMKM development;
2. Ease of establishing businesses informally in Indonesia, especially at the micro-scale, offers significant potential for growing new entrepreneurs and UMKM;
3. The ease of starting a business is supported by the availability of natural resources and large-scale demand (due to a large population);
4. Government policies at both central and regional levels, as well as support from other stakeholders;
5. The increase in the proportion of the working-age population, combined with better education and skills, contributes to the labor force.

Based on the explanation above, this study will examine the potential of UMKM as a source of community income, meeting domestic goods and services needs,

creating jobs, and increasing added value, which impacts poverty reduction and economic growth. The potential of UMKM will be viewed from the perspective of:

- a. Potential as a source of community income (Number of Businesses/Companies);
- b. Potential to address unemployment (Number of Workers);
- c. Potential for Gross Domestic Product (GDP);
- d. Potential for foreign exchange;
- e. Potential for investment.

Kedung Rejoso Village is known for its diverse agricultural products and abundant local goods. Various crops, such as cassava, sweet potatoes, bananas, and other fruits, are found in this village. This agricultural diversity has the potential to be processed into a variety of snacks with market appeal. With easily available raw materials, UMKM actors in this village can develop snack businesses by utilizing the available natural resources.

The availability of abundant local raw materials offers significant opportunities for UMKM actors to process them into unique and high-quality snack products. These locally-based snack products have their own appeal, both for local consumers and those outside the region. This opens up opportunities to expand market reach and increase the competitiveness of snack products from Kedung Rejoso.

In addition, this snack business has relatively low capital requirements, making it more accessible for village residents. The affordable capital makes it easier for UMKM actors to start a business without needing large investments. With a large market potential, especially in the growing trend of snack consumption, the snack business in this village has promising prospects and is an attractive option for the community to develop their businesses.

Therefore, the development of snack UMKM in Kedung Rejoso Village is the right choice to boost the local economy. This business not only helps improve community income but also has a positive impact on creating job opportunities and reducing unemployment. By utilizing local raw materials and requiring relatively small capital, this snack business can rapidly grow and make a tangible contribution to the village's economy.

### **Challenges Faced by Snack UMKM**

Although the development of snack UMKM in Kedung Rejoso Village has significant potential, there are several challenges that business actors must face. One of the main challenges is the limited capital available to UMKM actors. Limited capital often becomes an obstacle in expanding the business, purchasing more modern equipment, or increasing production capacity to meet the demand of a larger market.

In addition to limited capital, many UMKM actors in this village do not have sufficient knowledge about good business management. Without a solid understanding of financial management, marketing, and product development, their businesses often struggle to survive and grow. The lack of training in business management makes it difficult for many UMKM to optimize their existing potential.

Another challenge is the limited product marketing. Many UMKM in Kedung Rejoso Village have not utilized digital technology to market their products more widely. This results in their snack products being known only by a limited group of people, such as the local community, without being able to access broader markets,

both regionally and nationally. This makes it increasingly difficult to compete with large snack producers.

Aside from marketing issues, difficulties in consistently obtaining quality raw materials also pose a challenge for UMKM actors in this village. The availability of raw materials that depend on the season or price fluctuations can affect the smoothness of production and the quality of the products produced. Furthermore, the increasing competition from large snack producers, who have greater production and distribution capabilities, adds pressure on UMKM to maintain their competitiveness in the market.

### **Efforts to Overcome Challenges**

To overcome the challenges faced by snack UMKM actors in Kedung Rejoso Village, support from various parties is essential. The government plays a very important role in providing assistance in the form of training and education to UMKM actors. Training on good business management, digital marketing, and product innovation will help UMKM actors manage their businesses more efficiently. With a better understanding of how to manage their businesses, UMKM actors will be more confident in developing products and competing in broader markets.

In addition to training, easy access to capital is also crucial for the development of UMKM in this village. Many UMKM actors struggle to obtain enough capital to expand their businesses. Therefore, the government could provide microcredit programs or grant funding that can be accessed by UMKM actors with more favorable conditions. Better access to capital will help UMKM actors purchase better equipment, increase production capacity, and expand their product markets.

The private sector also plays an important role in supporting the development of snack UMKM in this village. Private companies can get involved in providing training, mentoring, or even collaborating in product distribution. With cooperation between UMKM actors and the private sector, UMKM can gain access to broader markets and receive technical assistance in production and marketing. The private sector can also help UMKM actors improve product quality to become more competitive in the market.

Furthermore, the establishment of UMKM groups or associations in Kedung Rejoso Village can be an effective platform to increase synergy among business actors. In these groups, UMKM actors can share information, experiences, and resources they have to manage their businesses more effectively. This UMKM association can also serve as a collective voice to communicate the aspirations and needs of business actors to the government or relevant institutions, so that the development of snack UMKM in this village can proceed more optimally.

### **Opportunities for the Development of Snack UMKM to Boost Village Economy**

With continuous innovation, snack UMKM in Kedung Rejoso Village have a significant opportunity for rapid growth. Innovation in product and packaging can provide more appeal to consumers who are looking for something new and different. Local snack products made from local raw materials not only offer unique flavors but also represent the cultural identity of the village. This can become an attractive added value for consumers, both in the local market and in broader markets, such as regional and national markets.

A proper marketing strategy is crucial to introducing snack products from Kedung Rejoso Village to a wider audience. The use of social media and digital platforms has become an effective way to introduce these products to various groups. By utilizing broader digital marketing tools, such as Instagram, Facebook, and e-commerce, these snack products can be recognized not only at the local level but also beyond regional boundaries and even internationally. This digital marketing allows UMKM actors to reach potential consumers without geographical limitations, increasing the competitiveness of the product.

Furthermore, the development of snack UMKM can open opportunities for local residents to gain new jobs. As production and market demand increase, snack UMKM actors will require additional labor, which can reduce unemployment in the village. This increase in employment opportunities also has a positive impact on the local economy, as local residents will have a steady source of income, which in turn boosts their purchasing power and well-being.

Overall, the success of snack UMKM development in Kedung Rejoso Village will not only increase the income of business actors but also have a positive impact on the village community as a whole. By creating new job opportunities, improving the local economy, and introducing distinctive local products to broader markets, the development of snack UMKM has the potential to become a driving force for the welfare of Kedung Rejoso Village

## CONCLUSION

The development of snack UMKM in Kedung Rejoso Village has enormous potential to boost the village's economy. By utilizing abundant local raw materials such as cassava, sweet potatoes, and bananas, UMKM actors can produce high-quality and unique snack products. The diversity of these local products adds significant value, making them appealing to both local and out-of-area markets. This great potential can be maximized with support from various parties involved in business development in the village.

Support from the government, financial institutions, and the private sector is key to overcoming the challenges faced by snack UMKM. The government can provide training, guidance, and easier access to capital to strengthen UMKM actors' capacity in managing their businesses. Additionally, the development of skills in business management, digital marketing, and product innovation will help UMKM actors compete in an increasingly competitive market. With effective marketing strategies, snack products from Kedung Rejoso Village can gain wider recognition, opening opportunities for a larger market.

It is essential for the government and the local community to collaborate in supporting and developing snack UMKM as a solution to improve the economic welfare in Kedung Rejoso Village. This collaboration will accelerate UMKM development, help overcome existing barriers, and create new job opportunities for the local community. With solid cooperation among various stakeholders, snack UMKM can grow and have a positive, sustainable impact on the village's economy, increasing income and reducing unemployment rates.

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