

PROMOTING SOCIAL WELFARE FOR SMES: A CASE STUDY IN MEDAN TEMBUNG

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Received : 21 April 2025

Published : 30 June 2025

Revised : 29 April 2025

DOI : <https://doi.org/10.54443/irpitage.v5i1.3148>

Accepted : 16 May 2025

Link Publish : <https://radjapublika.com/index.php/IRPITAGE/>

Abstract

This study evaluates the economic welfare of respondents in the Medan Tembung region with a focus on poverty levels and their implications for the economic conditions. The research analyzes factors such as the number of dependents, monthly income, access to basic services, and market conditions to understand their impact. The findings indicate that the number of dependents and monthly income significantly affect respondents' financial stability, with those having higher dependents and lower income experiencing greater economic pressure. The balance between income and expenditure is also a concern, with many respondents facing financial deficits. Access to basic services such as health insurance (BPJS) and education plays a crucial role in maintaining financial stability, although some respondents still lack full access to these services. Market instability, especially rising prices of essential goods, directly impacts respondents' economic conditions. Protecting price stability is key to safeguarding community welfare. Appropriate policy measures are needed to enhance economic welfare in Medan Tembung, including the development of financial education programs and price stabilization policies. This research provides a deep understanding of the economic challenges faced by respondents in this area and highlights the need for effective policy interventions to improve welfare and reduce economic disparities.

Keywords: *Economic Conditions, SMEs, Poverty, Welfare*

INTRODUCTION

Improving welfare and alleviating poverty are two major challenges faced by developing countries, including Indonesia. In this context, urban areas such as Medan, Tembung, represent the complexity of diverse populations and livelihoods. Rapid population growth is often closely related to poverty levels and the quality of life in society (Nurlanovich, 2025). In efforts to address this issue, a deep understanding of demographic aspects such as fertility, mortality, migration, employment, marriage, and family and household dynamics becomes crucial. This data is essential for policymakers and program planners to develop appropriate development strategies to enhance community welfare. Improving community welfare is reflected in the ability to meet basic needs, which can be measured by the average per capita expenditure (Sunarto¹ et al., 2025). Sustainable economic development also depends on a healthy provincial economy, supported by strong economic activities at the district and regional levels.

Community welfare not only reflects the quality of life of a family, but also involves aspects of health, education, and equality in access to public services and social justice (Devender et al., 2025). Therefore, efforts to alleviate poverty should not only focus on financial aspects, but also on meeting basic needs and providing equal opportunities for all individuals. Poverty is not just a financial issue, but also includes access to the resources necessary to meet human basic needs (Abdulsamad et al., 2025). Although the number of poor people in Indonesia has decreased, the percentage remains high, reaching 9.36% in March 2023 (BPS). Cross-sector cooperation and equitable development initiatives are needed to address this issue (Carayannis et al., 2025; Lahssioui, 2025). Welfare is the aspiration of every human being. A prosperous society cannot be achieved if its members live in poverty. Therefore, poverty must be eradicated as it represents a form of inequality that reflects a condition of lack in fulfilling economic needs. It is not surprising that various efforts are made by the community to improve family economic welfare by creating new business opportunities.

In addition, with sustainable economic empowerment, communities will become more independent and able to reduce their dependence on social assistance. Social welfare must also include providing equal access to various public services needed by the community, such as healthcare, education, and housing. Often, inequality in access to public services leads to deeper social gaps, exacerbating poverty. Therefore, the government must ensure that the development policies implemented can reduce these disparities, especially in terms of providing basic services. Equal access will support the creation of a fairer and more prosperous society, where every individual, regardless of social status, has the same opportunity to thrive. On the other hand, social and cultural aspects also play an important role in improving community welfare. Social behavior changes that support equality, mutual cooperation, and social solidarity can foster the creation of a more prosperous environment. In many cases, communities living in supportive environments tend to have higher levels of welfare (Hidayatullah et al., 2025). Therefore, programs that encourage social collaboration and active community participation in the development process can accelerate the achievement of welfare.

It is important to note that poverty alleviation and welfare improvement require cross-sector collaboration, including the government, the private sector, and the community itself. Sustainable policies must be based on accurate data and a deep understanding of local social and economic dynamics. Successful poverty alleviation programs often involve various actors, ranging from local entrepreneurs, non-governmental organizations, to the community itself (Omowole et al., 2024). With this collaboration, inclusive and sustainable development can be achieved.

LITERATURE REVIEW

Social welfare encompasses various aspects of community life, including health, education, employment, and access to public services. Social welfare not only reflects the quality of life of a family but also involves aspects such as health, education, and equality in access to public services and social justice (Ocampo et al., 2024; Singh et al., 2024). Therefore, efforts to alleviate poverty should not only focus on financial aspects but also on meeting basic needs and providing equal opportunities for all individuals. Social welfare is also closely related to the social and economic resilience of communities. A prosperous society is not only marked by adequate income but also by the social stability that enables individuals to access equal opportunities in various aspects of life. For example, equality in education and employment can provide society, especially vulnerable groups, with opportunities to improve their quality of life. Emphasizes the importance of equal access to education, which can enhance individuals' skills and open up better employment opportunities, thereby contributing to poverty reduction.

Moreover, the availability of healthcare services is another crucial aspect in achieving social welfare. A healthy population is better able to participate actively in economic and social activities. The availability of adequate healthcare facilities, in terms of both quality and accessibility, can improve the quality of life and reduce the economic burden caused by healthcare expenses. This is especially important for the poor, who often struggle to access quality healthcare services (Mellouli & Tijani, 2023). Enhancing healthcare services will reduce mortality and disability rates caused by preventable diseases and increase workforce productivity. The role of government involvement in creating policies that support social welfare cannot be overlooked. The government plays a vital role in formulating policies that promote social equity by ensuring easier access to basic services such as education, healthcare, and housing. Government programs, such as public health programs, social assistance, and education subsidies, are concrete examples of efforts to improve social welfare (Shafik, 2025). Without supportive policies, social welfare will be difficult to achieve, especially in economically and socially disadvantaged areas.

Economic empowerment becomes a key element in driving social welfare, particularly for the poor and vulnerable groups. Strengthening the local economy through SME empowerment is one effective way to enhance social welfare. By supporting SMEs, through skill training, access to capital, and improved marketing, communities can create greater economic opportunities. SMEs, mostly owned by local communities, have the potential to absorb a large number of workers and drive regional economic growth. This directly contributes to poverty reduction and improved quality of life. The success of social welfare improvement efforts also heavily depends on social awareness and active community participation. Communities with high social awareness about the importance of social rights and collective welfare tend to be more concerned with social issues around them. Active participation in social and economic activities will strengthen social networks within the community, which in turn can create a more supportive environment. This is also related to the tradition of mutual cooperation, which is an inseparable part of Indonesian society, where helping one another among residents can accelerate the achievement of social welfare.

By integrating these various aspects, efforts to alleviate poverty and enhance social welfare will be more targeted and effective. Social welfare is not just a concept dependent on external aid, but also the result of joint efforts between individuals, communities, and governments to create fair and equal opportunities. Sustainable social welfare

must involve a comprehensive approach, covering economic, social, educational, and healthcare aspects, and creating an inclusive system for all layers of society.

METHOD

The proposed community service method aims to enhance social welfare through the empowerment of Micro, Small, and Medium Enterprises (SMEs) in Medan Tembung. This program will be implemented with a participatory approach involving active community engagement, local stakeholders, and relevant institutions. The primary objective of this approach is to directly impact the development of local SMEs, which in turn can improve the quality of life for the community in the area. The program will primarily focus on skill training, strengthening managerial capacity, and broadening market access for SMEs.

The first step in implementing this program is to conduct a needs assessment through surveys and focus group discussions (FGD) with SMEs in Medan Tembung. This survey aims to identify the main challenges faced by SMEs, such as marketing difficulties, financial management, and access to capital. The FGD will also involve local government representatives, educational institutions, and SME associations to obtain a broader perspective on the conditions and potential for SME development in the area. After identifying the issues, the next step is to conduct training and mentoring for SMEs. This training will cover various essential topics, such as financial management, digital marketing, product development, and human resource management. The program will also involve experts from relevant fields to provide practical and applicable insights that can be immediately implemented by SMEs. Ongoing mentoring will support SMEs in implementing the practices taught, as well as offer solutions to challenges they encounter.

Additionally, market access facilitation will be one of the main focuses of this program. This will include training on how to utilize digital platforms for product marketing, in addition to introducing SMEs to both local and international markets. Collaborations with e-commerce platforms and participation in community events or local fairs will serve as strategies to expand networks and increase product visibility. By introducing SMEs to a wider market, it is expected that sales and income will increase, which in turn will contribute to the improvement of the economic welfare of the community. Finally, monitoring and evaluation of the program will be conducted periodically to assess its success and impact on the social welfare of the community in Medan Tembung. Data collected from the surveys, training sessions, and sales outcomes will be analyzed to evaluate the changes, including improvements in SME income and other social aspects, such as enhanced quality of life. The evaluation results will be used to design improvements or further development of the program to ensure that the targeted impact is fully achieved.

RESULTS AND DISCUSSION

In the community service activity aimed at promoting social welfare for SMEs in Medan Tembung, an analysis was conducted on the economic conditions of the local community through a survey of 20 respondents. The analysis revealed that the economic conditions in the area are heavily influenced by external factors, such as rising prices of essential goods and raw materials, which have a significant impact on household's ability to meet basic needs. Therefore, policies that can maintain price stability and improve access to basic services are crucial for enhancing the overall welfare of the community, especially for those with low incomes. Out of the 20 respondents surveyed, the majority (16 respondents) were categorized as "Not Poor" or "Almost Not Poor." They had relatively stable incomes, their expenditures were well-managed, and they had access to basic services such as BPJS (health insurance) and bank savings. This condition reflects that most people in Medan Tembung have been able to maintain a balance between income and their basic needs. It indicates the success of many local SMEs in supporting household economies through stable business operations.

However, there were also respondents categorized as "Almost Poor" (4 respondents), showing that while their economic situation was still considered stable, they were significantly affected by market conditions or the rise in the prices of essential goods, which impacted their purchasing power. Nevertheless, their situation is not severe, as they were still able to meet most of their basic needs, despite facing certain challenges. This suggests some dependence on external factors that could influence the community's economic condition.



Figure 1. Community Service Documentation.

In conclusion, while some respondents face economic challenges, the majority of those in Medan Tembung have relatively stable economic conditions and are not classified as living in high poverty. This indicates that the poverty rate in this area tends to be lower compared to other regions. Therefore, the community service program focused on empowering SMEs and improving access to basic services is expected to further strengthen the economic resilience of the community and promote more equitable social welfare. Using the Poverty Line established by the Central Bureau of Statistics (BPS), we analyzed each respondent to determine whether they fell below the poverty line. The in-depth analysis revealed that some respondents had a per capita net income below the Poverty Line, indicating the presence of poverty in the Medan Tembung area. The implications of this poverty level are closely linked to the impact of market conditions, particularly the rising prices of food and non-food items. This highlights the economic challenges faced by some members of the community in the region.

Social welfare is a key parameter that reflects the economic and social conditions of a region. Medan Tembung, as part of the rapidly developing Medan in North Sumatra, requires a comprehensive evaluation of welfare levels, especially in the context of poverty analysis and its implications for the economic conditions of respondents. The data obtained from a number of respondents provides valuable insight into the factors affecting their welfare. In this study, we identified several key aspects that play a central role in determining the welfare levels in Medan Tembung. Firstly, the analysis showed that the majority of respondents in Medan Tembung fall into the "Not Poor" or "Almost Not Poor" categories. This indicates that, for most households, income stability and access to basic services such as healthcare and banking were not significantly hindered by external economic pressures. The respondents in these categories demonstrated that their expenditures were well-managed, which allowed them to meet their basic needs. This is consistent with the objective of the community service program, which seeks to empower local SMEs, ensuring they can contribute to improving household economies.

However, a smaller group of respondents, categorized as "Almost Poor," revealed a significant economic vulnerability. These respondents reported challenges in meeting their basic needs due to factors such as rising food prices and limited access to affordable raw materials for their businesses. The impact of market conditions, particularly the increase in the cost of living, was evident among this group, illustrating the vulnerability of lower-income households to external economic fluctuations. This finding highlights the need for policies that can stabilize prices and support SMEs in Medan Tembung, ensuring they have the resources to continue their operations and contribute to local economic development.

In line with the findings, the community service program provided key support in addressing these issues by offering training in financial management, marketing, and product development. As part of the program, SMEs were equipped with strategies to better manage their finances and reach wider markets, which would help mitigate the negative effects of rising prices. The program also emphasized the importance of leveraging digital platforms for marketing, enabling SMEs to expand their customer base and increase their revenue streams. The support from these

initiatives is expected to enhance the overall welfare of the respondents by strengthening the local economy and providing better business opportunities. Finally, the results of the community service program indicate that while some respondents still face economic challenges, the majority in Medan Tembung enjoy a relatively stable economic situation. The findings suggest that poverty in this region is relatively low compared to other areas, but there is still a need for continued support in addressing the vulnerabilities faced by certain groups. Therefore, this community service initiative has proven to be valuable in fostering a more resilient economic environment in Medan Tembung, and further efforts should focus on expanding these programs to ensure that all members of the community can achieve sustainable prosperity.

CONCLUSION

The Introduction section outlined that the main objective of this community service initiative is to promote social welfare through the empowerment of SMEs in Medan Tembung. The primary focus of this initiative is to analyze the economic conditions of the community, particularly in terms of poverty, and provide solutions based on training and mentoring for SME owners to improve their welfare. It is expected that this program will have a positive impact on household economic stability and stimulate local economic growth. From the analysis of the data collected, the majority of respondents in Medan Tembung have relatively stable economic conditions, although there are some challenges, especially related to the rising prices of essential goods and the dependency on the number of family dependents. This indicates that, while the poverty rate in this area is relatively low, there are still groups in need of special attention to improve financial management and access to basic services. The empowerment of SMEs has proven to contribute significantly to social welfare by increasing household incomes. The conclusions drawn from the results and discussion show that, while this community service program has made a positive impact on SME empowerment, there is still a need for further strengthening in areas such as marketing, access to capital, and financial management. Therefore, in the development plan for future community service implementation, enhanced collaboration between the government, community, and private sector is necessary to create an ecosystem that supports more inclusive and sustainable SME growth. More intensive training and mentoring programs, along with improved access to digital markets and financial resources, will be prioritized to further improve the welfare of the community in Medan Tembung.

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