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Empowerment MSMEs in the Corporate Social Responsibility-Based Livelihood Economic Development Program: Jim Ife's Empowerment Theory Perspective

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Abstract
This study examines the empowerment of MSMEs through the Livelihood Economic Development (LED) program in Polanharjo District through Jim Ife's empowerment perspective. MSMEs are important economic pillars in rural areas, but are often hampered by low business skills, limited capital, limited market access, and business permits and legality. The LED program is organized by PT. Tirta Investama as one of its Corporate Social Responsibility (CSR) programs targeting MSME groups in Wangen Village. This study uses a descriptive qualitative approach, with the researcher acting as an observer in collecting data through interviews, observations, and documentation. The results show that in the economic aspect there has been an increase in turnover and knowledge of business development, as well as increased customer trust through halal certification and Home Industry Food (PIRT). In the social aspect, the program strengthens the group's social capital through the formation of the Mentari Karya Sejahtera Cooperative, the shared use of production tools, and increased trust among members. In the leadership aspect, decision-making is carried out through deliberations led by the group leader together with NGO facilitators, with increased involvement of young members. In terms of innovation, members developed marketing through WhatsApp and Shopee, as well as utilizing marketing shelves in the company's cooperative. This research contributes to providing an empirical overview of village MSME empowerment through Jim Ife's perspective of power, particularly strengthening social capital and local leadership.

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1. INTRODUCTION

Rural Micro, Small, and Medium Enterprises (MSMEs) are crucial pillars of the national economic structure, directly contributing to increasing Gross Domestic Product (GDP) and alleviating poverty at the lowest levels. At the rural level, MSMEs are not only business units but also serve as a primary source of livelihood for households, including providing economic participation for women and marginalized groups often excluded from the formal economic sector (Satriaji Vinatra, 2023). Nationally, MSMEs contribute around 60-61% to GDP, equivalent to IDR 9,580 trillion (Kholifah & Andini, 2024). They also represent an economic force with significant potential for poverty alleviation.

Rural MSMEs often face several challenges that hinder their business sustainability. Limited business capital is often a major obstacle, especially when entrepreneurs are highly dependent on other sources. Furthermore, limited market access

and poor business management skills are also common challenges faced by MSMEs in rural areas (Alfikri, 2025). This problem also becomes more complex for female entrepreneurs, who, despite having basic skills and a high interest in entrepreneurship, do not yet have access to adequate managerial knowledge and market access to develop their businesses sustainably (Miswaty et al., 2025).

The term "livelihood" refers to a conceptual framework developed since the 1980s to understand how individuals or communities sustainably maintain and improve their quality of life. This concept was popularized through the Sustainable Livelihood Framework (SLF) developed by the Department for International Development (DFID). This concept emphasizes that community survival relies on the utilization of various livelihood assets, including natural, social, financial, and human resources, rather than solely on income (Natarajan et al., 2022). This framework views communities within specific contexts where maintaining their livelihoods relies on these four aspects. The Sustainable Livelihood Framework provides a more comprehensive perspective for understanding how individuals, households, or communities maintain their livelihoods in the long term by understanding how they utilize available capital and shape interactions with surrounding social systems (Killa et al., 2026).

In practice, the livelihood approach is widely adopted by Corporate Social Responsibility (CSR)-based community economic development programs in Indonesia, including by natural resource companies that implement local economic empowerment programs as part of their social responsibility. These CSR programs are generally aimed at promoting the economic sustainability of local communities through strengthening institutional capacity, such as the formation of cooperatives, business mentoring, and facilitating market access for fostered MSME groups (Nugraini et al., 2026).

This study aims to observe the empowerment process of the MSME sector in villages around the company and to observe the role of community social leadership in empowering women and encouraging entrepreneurial innovation to increase local potential and build a sustainable independent ecosystem.

2. RESEARCH METHODS

This research uses a qualitative approach with a descriptive type. Creswell states that a qualitative approach is a means of exploring and understanding the meanings individuals derive from social and humanitarian issues (Creswell, 2012). Therefore, this approach was chosen because it was relevant to the research objectives and able to provide an in-depth understanding of the MSME empowerment process in villages, particularly within the LED Program.

Meanwhile, this research was conducted over approximately two months, from late February to early May 2026 in Wangen Village, Polanharjo District, Klaten City. This location was chosen purposively because the village is one of the recipients of the Livelihood Economic Development (LED) program. Informants in this study were selected using a purposive sampling technique based on their active involvement in program implementation. A total of six informants were interviewed: one person from the CSR department, two from program partners, two MSME group administrators, and one MSME group member.

Data collection techniques used in this study included in-depth interviews, participant observation, and documentation. Interviews were conducted semi-structured with highly flexible questions to ensure the data collected was accurate. The data obtained can be explored in depth. Observations were conducted through the researcher's direct participation in the routine activities of the MSME group. Meanwhile, documentation was conducted by reviewing documents related to the cooperative owned by the MSME group.

In this study, the data analysis technique used was the Miles and Huberman interactive analysis model. Three streams of activity were carried out simultaneously in this analysis: (1) data reduction; (2) data presentation; and (3) drawing conclusions and verification . In the data reduction stage, data were sorted relevant to the research focus, namely the MSME empowerment process, social leadership in women's empowerment, and entrepreneurial innovation. Next, in the data presentation stage, the data were presented in descriptive-analytical form, organized according to the research focus and linked to Jim Ife's Empowerment Perspective. Finally, in the conclusion drawing and verification stage, the presented data were then drawn into conclusions and verified by referring to the results of observations, interviews, and documentation.

3. RESULTS AND DISCUSSION

Before joining the Livelihood Economic Development (LED) program, the initial conditions of MSME group members in Wangen and Polan Villages were similar to those of MSMEs in rural areas in general. For example, they operated on a home-based basis without formal permits, lacked proper financial records, and relied solely on a very limited marketing network. The absence of product business permits, minimal business management records, and limited market networks were common characteristics of MSMEs in both villages before the program (Khairunnisah, 2026). These conditions can make it difficult for MSMEs to develop and compete sustainably.

The empowerment process involves strengthening the capabilities and capacities of members. From Jim Ife's perspective, communities require efforts to empower themselves, namely, to gain power over resources, namely, control over access to productive resources. Field assistance provides training in product quality improvement, mentoring with Business Identification Number (NIB) administrators, Home Industry Permits (PIRT), halal labeling for products, and counseling on joint business capital assistance at the group level. This group-acquired legality can increase consumer trust and open broader market access (Tanzaga & Kusuma, 2025).

Owning PIRT and halal certification in production can contribute to increased consumer trust and the competitiveness of MSME products. Ease of product licensing and ongoing support will help improve the MSME sector and improve community welfare (Fauzi et al., 2024). These efforts can increase the likelihood of business continuity at the grassroots level.

After individual capabilities are strengthened through mentoring through ongoing programs, the program moves to the organizational stage, forming groups that reflect the strengthening of the power of institutions, namely the power inherent in institutions run collectively within a group. Business actors in each village are brought together into a village-based MSME group, which is then united into a cross-village cooperative as a forum. Through this cooperative, groups are provided with access to services and a space for inter-group coordination to expand joint marketing networks, and each member can strengthen village economic resilience(Agil Dzikrullah & Chasanah, 2024). Cooperatives can also function as institutions that provide access to lower-cost financing, thus assisting MSMEs in their continued growth.

The empowerment process involves strengthening the self-esteem of members, who explain the power of choice, namely the ability to make their own choices and develop their own courage. One female member of the MSME group revealed that he previously feared speaking in front of large groups. However, after actively participating in group meetings and training, he gradually learned to speak in forums and meet new people. This confirms that the Livelihood Economic Development (LED) program is not solely about economic

aspects, but can also build courage and self-confidence in women as MSME members (Bhaskara et al., 2024).

Overall, these stages relate to the initial business conditions before participating in the program, the stage of strengthening the skills and capacity of MSME members, the organizational stage of forming village groups, and self-empowerment. This overall process forms a series of interconnected processes. Strengthening individual capacity provides all members with the necessary skills to play an active role in the cooperative's institutions, and organizational experience can boost self-confidence. This sequence of stages can open up space for the growth of social leadership within a group.

Community empowerment can be defined as an effort to increase the capacity of residents to manage their own lives, maximize local potential, and make decisions that benefit their communities (Antonius Ary Setyawan et al., 2025). The empowerment of MSMEs in villages is inseparable from the role of group leaders in mentoring their members. In this MSME group, the majority are women of various ages. However, this MSME group is not exclusively comprised of women; some members include men engaged in micro-enterprises.

Instead of selecting a leader from outside the group, stakeholders gave this MSME group the freedom to be led by a member of the group. As the leader, he has extensive experience in building MSMEs, such as his regular business selling porridge every morning and taking orders for market snacks and various traditional foods. As the group leader, he serves as a bridge between group members and stakeholders.

In addition to bridging the gap between group members and stakeholders, the leader also provides opportunities for group members to promote their products outside the village, increasing their exposure to a wider audience. On the other hand, various activities undertaken by the group are also free for members, without the control of stakeholders as funders, who only play a role in monitoring and fulfilling the group's needs in the production process. This demonstrates that empowerment begins within the community itself. From a pluralistic perspective, community empowerment is an effort to assist marginalized individuals and groups so they can increase their competitiveness above other interests (Dina et al., 2023).

Good leadership can accelerate the process of member empowerment through the transformation of power relations. In essence, empowerment occurs when leaders can shift dominant power to empower group members internally. Stakeholders, as providers of funding and supervisors, and the leader, are key to the idea that villagers are the full owners of their own destiny.

The freedom to implement ideas without pressure from any party fosters critical thinking and self-confidence. Empowerment involves various aspects such as resources, opportunities, knowledge, and skills, enabling residents to strengthen their ability to independently determine their future direction. The concept of empowerment is closely related to two main aspects: power and inequality or underdevelopment (Nopriansyah, 2023).

In the context of social leadership, it is often associated with outcomes. However, observations of this MSME group demonstrate the importance of social leadership as a key driver of empowerment. Program supporters, such as stakeholders, merely provide support. Without the role of a group leader who can organize, bridge, and build an inclusive space within the group, empowerment can stall. The leadership of the group leader can provide evidence that community empowerment can begin with internal leadership that is able to mobilize local potential towards sustainability.

The increasingly intense business competition and limited market access faced by MSMEs in Wangen Village have encouraged members to go beyond relying on mentoring

from stakeholder facilitators or the Livelihood Economic Development (LED) program to create their own marketing initiatives. The need to survive and thrive amidst limited capital and a limited market network has driven members to seek new ways to market their products. In this context, creativity and innovation have proven to be a solution and a guiding force for MSMEs in Wangen Village in facing market challenges and economic uncertainty, while also strengthening multi-stakeholder collaboration that supports the sustainability of their businesses (Sofyan, 2021).

In today's era, MSMEs are required to utilize digital media as a marketing tool to better familiarize consumers with their products (Naimah et al., 2020). The diverse products produced by MSME members in Wangen Village, ranging from processed food products and crafts/household necessities to specific services offered by some members, have also encouraged innovations in their marketing strategies.

Several examples of innovations emerging from member initiatives are evident in the daily marketing practices of the MSME groups supported by the LED program. Members have begun utilizing WhatsApp as a direct marketing channel to communicate more personally with customers and expedite the ordering process. Furthermore, some members are using Shopee to expand their market reach and open up transaction opportunities with previously unreachable buyers outside their region.

In the physical marketing realm, cooperative marketing also exists, a form of distribution innovation that allows members' products to be collectively introduced, thus increasing product visibility without the hassle of finding their own marketing locations. Innovation is also evident in product legality, with several members already applying for halal and PIRT certification to strengthen customer trust in the products they sell.

More than just economic achievements, these innovations, initiated by members themselves, with stakeholder support and mentoring, are a strong indicator that the empowerment process within the LED program has taken root. Referring to Jim Ife's empowerment perspective, this reflects a strengthening of the personal and economic dimensions, where members are no longer merely passive recipients of stakeholder programs but have become active subjects, independently innovating, utilizing digital technology, and collaborating to strengthen the cooperative's institutions. This demonstrates that empowerment is not simply a transfer of aid, but rather builds the group's capacity and confidence for sustainable growth.

4. CONCLUSION

From Jim Ife's Empowerment perspective, the empowerment of MSMEs in Wangen Village through the LED program demonstrates an effort to "power over resources" by expanding access to business resources, strengthening the power of institutions through strengthening group capacity and institutions, and "power over choice" by enhancing the ability of MSMEs to make decisions related to their business development. Furthermore, the empowerment process also contributes to improvements in four important aspects: economic, social, leadership, and innovation.

Meanwhile, stakeholders and partners of the LED program should continue to provide mentoring related to institutional strengthening and recruiting younger generations to directly participate in the empowerment process. This will ensure a future generation can create new business opportunities. Few young people are actively engaged in entrepreneurship, while the majority of Wangen villagers who are currently active entrepreneurs are older, making it difficult to access social media and perform simple editing to help them market their products.

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