

Research Article

Economic Optimization through the Development of Family-Based Micro Businesses in the Padangmatinggi I Village Environment, Padangsidimpuan City

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Abstract: Strengthening family-based microenterprises is one strategic approach to improving the economic resilience and independence of local communities. Family microenterprises not only serve as a source of income, but also as an important instrument in maintaining the social and economic stability of households. This study aims to describe the conditions of family-based microenterprises, identify obstacles to their development, and formulate strategies for optimizing family economics in Neighborhood I of Padangmatinggi Village, Padangsidimpuan City. This study uses a descriptive qualitative approach with data collection techniques through in-depth interviews, field observations, and documentation studies. Research informants include family micro-business actors, village officials, and other related parties. The results show that family-based micro-businesses have a real contribution to increasing household income and meeting basic family needs. However, business development still faces limitations in capital, low financial literacy, limited product innovation, and minimal marketing access. Therefore, an integrated development strategy is needed that includes increasing human resource capacity, facilitating access to financing, utilizing digital technology, and institutional support from the local government to realize the sustainability of family micro-businesses.

Keywords: Community Empowerment; Family Economy; Household Income; Local Entrepreneurship; Micro Business.

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1. Introduction

Community economic development is one of the main focuses in efforts to improve welfare and social independence. Economic growth at the local level plays a strategic role because it directly affects the daily lives of the community (Sugianto, 2025). Strengthening community-based economies is seen as capable of creating more inclusive economic resilience, especially in urban areas with heterogeneous social characteristics. This situation requires an economic development model that is not only oriented towards growth, but also towards equity and sustainability (Mafrudlo & Mansur, 2024).

Micro businesses are an economic sector that is highly resilient in the face of various economic dynamics. The existence of micro businesses often becomes the mainstay of the

family economy, especially for low- to middle-income communities (Sugianto, 2023). These small-scale business activities are able to absorb labor, utilize local resources, and drive economic circulation in the surrounding environment. The strategic role of micro-enterprises makes them an important instrument in poverty reduction and household income improvement (Nurhidayanti et al., 2023).

The development of family-based micro businesses has its own advantages over other business models. The involvement of family members in the production, distribution, and management processes creates cost efficiencies and strengthens internal economic solidarity (Hakam et al., 2023). This pattern also enables the sustainable transfer of skills and entrepreneurial values among family members. The stability of family-based businesses has the potential to be better maintained because it is based on social bonds and collective responsibility (Yolanda, 2024).

Environment I Padangmatinggi Village, Padangsidempuan City, is an area with quite diverse local economic potential. Some of the community depend on micro-businesses, either independently or family-based, to meet their daily needs. This potential includes home-based culinary businesses, small-scale trading, simple services, and the production of daily necessities. The existence of this economic potential indicates the presence of social and economic capital that can be developed more optimally.

The reality on the ground shows that family-based micro-businesses in the area have not yet developed to their full potential. Limited business capital, low access to management assistance, and a lack of product innovation remain major challenges. The use of simple technology for marketing and financial record-keeping has also not been optimized. These conditions have resulted in low business competitiveness and limited increases in family income.

Optimizing the economy through the development of family-based micro-enterprises requires a planned and sustainable approach. Increasing human resource capacity is an important aspect so that business actors are able to manage their businesses more professionally. Strengthening entrepreneurial skills, financial management, and marketing strategies are urgent needs for business sustainability. Support from the social environment and local institutions also plays a role in creating a conducive business ecosystem (Sugianto, 2023a).

Microenterprises in various regions are developing as the economic sector most relevant to changes in social and economic conditions, especially when the formal sector is unable to accommodate the entire workforce. Family-based microenterprises have grown as a form of community adaptation to meet household economic needs. The involvement of family members in business management makes this business model relatively resilient amid limited resources and fluctuating economic conditions (Janah & Tampubolon, 2024).

The role of village governments and other stakeholders is significant in promoting the development of micro-enterprises. Facilitating training, access to capital, and business assistance can stimulate increased productivity and business quality. Synergy between the community, government, and relevant institutions is needed to create targeted economic empowerment programs. A participatory approach is expected to foster a sense of ownership and shared responsibility for the success of the program (Anshar, 2020).

The development of family-based micro-enterprises also has broad social implications. Increased family income has the potential to improve the quality of life, access to education, and health of family members. Family economic independence can reduce dependence on external assistance and increase community confidence. These impacts ultimately contribute to social stability and overall local economic development (Syadzali, 2020).

Based on this description, economic optimization through the development of family-based micro-enterprises in Neighborhood I of Padangmatinggi Village, Padangsidempuan City, is a relevant issue to be studied in depth. This study focuses on three objectives: analyzing the role of family-based microenterprises in Neighborhood I of Padangmatinggi Village, the contribution of family microenterprises to meeting household needs, and the obstacles faced by family-based microenterprises. The results of this study are expected to serve as a reference in formulating sustainable community economic empowerment policies and programs.

2. Literature Review

Family-based micro-enterprises are productive economic activities managed by families using limited capital, labor, and assets (Sugianto, 2023). Family involvement in business is not only aimed at obtaining economic benefits but also at maintaining household economic sustainability and strengthening family social bonds. Family economic optimization can be understood as the process of maximizing the use of all family resources to improve welfare. In the context of micro businesses, optimization is carried out through increasing business productivity, operational cost efficiency, and expanding marketing networks (Masrohatin & Astuti, 2023). The success of family economic optimization is greatly influenced by the level of financial literacy, managerial skills, and access to financing sources. Microenterprise empowerment requires the active role of the government and other stakeholders. The government has a strategic role in providing supportive regulations, inclusive access to financing, and business training and mentoring programs (Ministry of Cooperatives and SMEs of the Republic of Indonesia, 2020).

3. Research Method

This study uses a qualitative approach with a descriptive method. This approach was chosen to gain a comprehensive understanding of the conditions of family-based micro-businesses and the surrounding social and economic dynamics. The research was conducted in Neighborhood I of Padangmatinggi Village, Padangsidempuan City. Data collection techniques included in-depth interviews with family micro-business operators and village officials, direct observation of business activities, and a study of village data and reports related to MSMEs. The data obtained was analyzed through the stages of data reduction, data presentation, and systematic conclusion drawing (Lexy J Moleong, 2021).

4. Results and Discussion

The results of the study show that family-based micro businesses in Neighborhood I of Padangmatinggi Village are dominated by small-scale businesses with limited capital. Most business owners rely on their own capital and family labor to run their businesses. The types of businesses that have developed include home-based culinary businesses, small-scale trading,

and simple services. This research is supported by the findings of Said & Azhar, (2021) that MSMEs play a role in improving the family economy through the creation of job opportunities and additional sources of income that are easily accessible to the community. The existence of MSMEs also contributes to improving family welfare, which is reflected in aspects of health, education, income, and access to information and communication technology, as felt by entrepreneurs and workers in the MSME sector.

Family micro-businesses contribute significantly to meeting basic household needs. The income earned is used to meet food, children's education, and other social needs. This shows that family micro-businesses play an important role in maintaining household economic resilience. However, the level of profit earned is still relatively low due to limitations in business scale and market access. The results of this study are supported by the findings of Afdalia et al. (2025), which reveal that micro business activities contribute significantly to increasing family income, meeting basic needs, and supporting the continuity of children's education. A review of Islamic finance shows that business actors are aware of the need to avoid usury and apply halal principles in economic activities, even though access to sharia-based financing is still limited. These findings confirm the contribution of micro-businesses to improving family welfare and strengthening the role of women through the application of Islamic financial values.

Micro businesses run by the community in Padangmatinggi are only of standard quality and lack creativity, as most of the products sold are the same. Furthermore, this community still lacks technological capabilities, as most of them are elderly people who are busy with their businesses and have no time to learn about technology. This is why these micro businesses only develop locally, without any national scale. The above research results are supported by the findings of a study by Nofriadi et al. (2024), which shows that MSMEs managed by women in the city of Padang mostly operate on a micro business scale, with a main concentration in the accommodation and food and beverage sectors. The main barriers to accessing financing include limited collateral, low financial literacy, and the influence of cultural norms and the dual roles that women play in social and household life.

Discussion

The role of family-based micro businesses in Neighborhood I, Padangmatinggi Village

The structure of family-based micro-businesses in Neighborhood I of Padangmatinggi Village reflects the economic characteristics of the local community, which relies on household independence. The relatively small scale of these businesses indicates that their economic activities are more geared toward meeting the needs of the family than toward broad market expansion. This pattern shows that micro-businesses serve as a survival strategy as well as a main source of income for some families.

Dependence on own capital is a dominant feature in the management of family-based microenterprises. This condition indicates limited access to formal capital sources, such as financial institutions or government financing programs. The use of internal family capital does provide flexibility in business decision-making, but at the same time limits production capacity and business development. The resulting impact is seen in the slow growth of business scale and limited product and service innovation.

The use of family labor in running a business provides advantages in terms of operational cost efficiency. The involvement of family members allows for a reduction in expenses for external labor wages. This work pattern also strengthens solidarity and shared responsibility in maintaining business continuity. The weaknesses that arise are seen in the limitations of professionalism and a division of labor that is not yet optimally structured, so that business productivity has not reached its maximum potential.

The types of businesses that have developed, such as home-based culinary businesses, small-scale trading, and simple services, demonstrate the community's adaptation to market needs in the surrounding environment. Home-based culinary businesses have flourished due to the support of the community's daily consumption needs and relatively affordable start-up capital. Small-scale trading has grown in response to the community's need for easily accessible basic necessities. Simple service businesses have emerged to complement the community's economic activities by utilizing the practical skills of business owners.

The diversity of these types of businesses illustrates the varied potential of the local economy, but it has not been integrated into a targeted development system. Business activities are still carried out individually without cooperation between business actors. This condition means that opportunities to increase the scale of the economy through collaboration and business networks have not been optimally utilized. In fact, synergy between micro businesses has the potential to strengthen bargaining power, expand markets, and increase production efficiency.

Contribution of family-based micro businesses to meeting household needs

Family-based micro businesses play a strategic role in maintaining household economic sustainability. Business activities carried out independently by families provide a relatively stable source of income to meet basic needs. This income is the mainstay in meeting daily food needs, enabling families to maintain a decent level of consumption and reduce dependence on external assistance.

The contribution of family micro-businesses is not only limited to meeting consumption needs, but also plays a role in supporting children's access to education. Education costs, school supplies, and other supporting needs are largely met from the family business. This condition shows a direct link between the sustainability of micro-businesses and the improvement of human resources in the family. Children's education is seen as a long-term investment that is supported by the family's economic capacity through micro-businesses.

The income generated is also allocated to meet household social needs. Social, religious, and other social obligations can be fulfilled thanks to the economic support from family businesses. Active participation in social life reflects relative economic stability while strengthening social relations among residents in the neighborhood.

The existence of family micro-enterprises serves as an economic buffer in the face of economic uncertainty. The flexibility of these businesses allows families to adjust their economic activities to the conditions and needs they face. This role becomes even more important when formal sources of income are limited or uncertain. Micro-enterprises provide families with the means to maintain their economic independence in a sustainable manner.

Universally, it can be said that family-based microenterprises make a real contribution to meeting basic needs, education, and the social life of households. Family welfare is highly dependent on the sustainability of the business being run. This condition shows that strengthening family microenterprises is a strategic step in improving household economic stability while supporting broader socio-economic development in the community.

Barriers to family-based microenterprises

Micro businesses developing in Padangmatinggi show product characteristics with quality that is still at a standard level. This condition is reflected in the homogeneity of the types of goods and services offered by business actors, making it difficult for consumers to recognize the differences between products. This homogeneous business pattern indicates a low level of creativity and innovation in product development. The business orientation tends to be directed at meeting short-term market needs without considering differentiation strategies that can increase added value.

The similarity in the types of businesses run by the community also reflects a tendency to imitate existing business patterns. This strategy is chosen because it is considered safer and has relatively low risk. The impact of this condition can be seen in increasingly fierce business competition in a limited market space. This situation has the potential to reduce business profits because price becomes the only distinguishing factor, while product quality and uniqueness are not yet key advantages.

The limited creativity of businesses is inseparable from the low access to knowledge and entrepreneurial assistance. The lack of training related to product innovation, packaging, and brand development makes it difficult for business actors to continuously renew their businesses. In fact, creativity is an important factor in increasing the competitiveness of micro businesses, especially amid increasingly dynamic changes in consumer tastes.

The limited technological capabilities of the community also contribute to the stagnant development of micro-businesses in Padangmatinggi. The use of digital technology in production processes, financial record-keeping, and marketing has not been optimized. Business activities still rely on conventional methods, such as direct sales in the local area and word-of-mouth promotion. This situation results in a narrow market reach and prevents the maximization of income growth potential.

Limited technological literacy also has an impact on the low efficiency of business management. Irregularities in financial record keeping make it difficult for business actors to measure business performance and plan for long-term development. Business decisions are based more on practical experience than on data-based analysis. This situation risks hampering business sustainability in the long term.

Therefore, the author concludes that the low quality of innovation and limited technological capabilities are the main factors hindering the development of micro businesses in Padangmatinggi. This condition indicates the need for an empowerment strategy that focuses on increasing the creativity and technological literacy of the community. These efforts are expected to encourage the transformation of micro businesses into more productive, competitive, and sustainable businesses.

5. Conclusion

Based on the results of the discussion, it can be concluded that family-based micro businesses in Neighborhood I of Padangmatinggi are dominated by small-scale enterprises with limited capital and labor. Dependence on personal capital and the involvement of family members indicate the strong character of household businesses. The types of businesses that have developed reflect adaptation to local market needs, but remain at a simple level of development. Family micro-businesses play a significant role in supporting the fulfillment of basic household needs, particularly food, children's education, and social requirements. This demonstrates the function of micro-businesses as a buffer for family economic resilience, although relatively low profit margins indicate limitations in business scale and market access that still need improvement. The quality of micro businesses in Padangmatinggi is still at a standard level with low creativity due to product uniformity and limited innovation. Low technological capabilities, especially among older business actors, are the main factors limiting business reach. As a result, the development of micro businesses remains local and has yet to penetrate wider markets.

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