

**STRENGTHENING THE RURAL ECONOMY THRU MSME EMPOWERMENT AND  
FINANCIAL LITERACY FOR CHILDREN IN PALUH SIBAJI VILLAGE, PANTAI LABU  
DISTRICT**

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**ABSTRACT**

*This research aims to analyze the strengthening of the village economy thru the empowerment of Micro, Small, and Medium Enterprises (MSMEs) and the improvement of children's financial literacy in Paluh Sibaji Village, Pantai Labu District. MSMEs play an important role in increasing the economic independence of rural communities, while financial literacy for children is seen as strategic for building a generation that is aware of financial management from an early age. The research method uses a descriptive qualitative approach with data collection techniques including observation, interviews, and documentation. The research results show that empowering MSMEs in Paluh Sibaji Village has contributed to increasing family income and expanding employment opportunities. On the other hand, children's financial literacy programs have a positive impact on children's mindset regarding the importance of saving, small entrepreneurship, and managing their pocket money wisely. Collaboration between MSMEs and children's financial literacy education has proven to be an effective strategy in creating sustainable economic resilience in villages. This research confirms that strengthening the rural economy lies not only in the productive aspects of the community, but also in the formation of the financial character of the younger generation.*

*Keywords: UMKM, Child Financial Literacy, Empowerment, Rural Economy, Paluh Sibaji Village*

## INTRODUCTION

Empowering the economic capacity of rural communities is one of the main strategies in national development, particularly thru strengthening the Micro, Small, and Medium Enterprises (MSME) sector. MSMEs play an important role as the driving force of the people's economy, job creators, and a pillar of Indonesia's Gross Domestic Product (GDP). Rahma et al. (2025) assert that MSMEs possess significant economic strength at both the national and local levels, but still face serious obstacles, particularly in the area of marketing. This condition indicates that the economic potential of the village can only be realized if MSMEs have a marketing strategy that is adaptable to the times.

Paluh Sibaji Village, Pantai Labu District, Deli Serdang Regency, is a real example of a village with diverse MSME potential, ranging from jangek cracker businesses, onion cakes, steamed sponge cakes, shrimp paste, dried fish, to kecepai shrimp. However, most MSMEs are still managed in a conventional way. According to Kader et al. (2024), conventional marketing that relies solely on local sales makes it difficult for MSMEs to grow, making digital literacy for rural entrepreneurs key to opening up wider market access. In the digital economy era, without intervention in digital literacy aspects, village products tend to stagnate despite having competitive quality.

In that context, digitalization becomes a vital strategy. Maharani & Hasibuan, (2024) found that the digitalization of marketing thru social media training, marketplaces, and Google Business has a significant impact on expanding the market and increasing the income of MSMEs. Digitalization is not just about "migrating to online platforms," but rather a transformation of the business paradigm: from being merely local sellers to becoming economic actors who are competitive at both the regional and national levels. Thus, the KKN activities, including logo design workshops, Google Maps introduction, and business branding in Paluh Sibaji Village, can be understood as strategic steps relevant to the demands of the digital age.

Additionally, product branding and identity are also fundamental challenges for rural MSMEs. Fathonah et al. (2024) explain that many MSMEs lack branding or attractive packaging, resulting in low selling prices. The author interprets visual identity (logo, packaging, design) not merely as an esthetic element, but as an instrument of product communication that can influence consumer perception. Therefore, the logo and packaging design training conducted by KKN students in Paluh Sibaji is highly urgent, as it helps MSMEs improve their professionalism and competitiveness.

On the other hand, strengthening the rural economy can be seen not only from the productive aspects of the community but also thru the development of financial literacy among the younger generation. Ariani et al. (2022) emphasize that financial literacy should be instilled from an early age so that children understand the value of money, get used to saving, and manage their pocket money wisely. Children's financial literacy is a long-term investment that can shape the financial character of future generations. This is relevant to the KKN activities in Paluh Sibaji, which include socialization on counterfeit money recognition and simple craft training. These activities not only train technical skills but also instill economic awareness from an early age.

Furthermore, children's financial literacy is also linked to sustainable development. According to Chofipah & Rukiyati (2023), financial literacy education from an early age can reduce the risk of consumerist behavior and foster the emergence of a generation that is more economically independent. If children in the village are already accustomed to productive values and a saving mindset, they will grow up to be a generation that is not only consumers but also future economic actors in the village.

The KKN program, as one form of student service, also makes a significant contribution to village development. Muharam et al. (2025) stated that KKN is a strategic vehicle for connecting students' academic potential with the real needs of rural communities, particularly in economic and educational empowerment. The author interprets that KKN activities are not just a student routine, but a real bridge for transferring the knowledge, skills, and innovations needed by rural communities.

Thus, it can be concluded that strengthening the economy of Paluh Sibaji village thru empowering MSMEs and financial literacy for children has both academic relevance and practical benefits. The KKN program implemented makes a real contribution to increasing the capacity of MSMEs thru digitalization and building a foundation of financial literacy for children as a long-term social and economic asset. Therefore, this study aims to deeply examine the implementation of the MSME empowerment program and financial literacy for children in Paluh Sibaji Village, as well as its impact on strengthening the village economy.

## RESEARCH METHODS

This research uses a descriptive qualitative approach to deeply describe the social reality occurring in Paluh Sibaji Village, Pantai Labu District. A qualitative approach was chosen because this study focuses on the meaning, understanding, and interpretation of the process of empowering MSMEs and financial literacy for children thru the KKN program. According to Nurhayati et al. (2024), qualitative research aims to understand phenomena holistically within their natural context, with the researcher serving as the primary instrument for data collection. This view reinforces that qualitative research provides space for researchers to delve into the social meanings behind community activities, rather than simply measuring outcomes quantitatively.

Data collection techniques were carried out thru three main stages: participatory observation, in-depth interviews, and documentation. Observations were conducted during the KKN program to record the dynamics of MSME empowerment activities, product digitalization training, and financial literacy activities in elementary schools. Interviews were conducted with local MSME actors (such as jangek crackers, onion cakes, shrimp paste, salted fish, and kecepai shrimp businesses), village officials, and elementary school teachers as key informants. Documentation in the form of activity photos, field notes, and training materials is used to strengthen data validity.

Data analysis was conducted using the interactive model of Miles, Huberman, and Saldana, which includes three stages: data reduction, data presentation, and conclusion drawing/verification (Pitaloka et al., 2023). This process allows researchers to filter relevant information, present data in a structured manner, and draw deep meaning from the activities of MSME empowerment and children's financial literacy. The author's interpretation confirms that this method is not merely a technical procedure, but a means of uncovering communication patterns, adaptation strategies, and shifts in economic values occurring within rural communities.

To ensure data validity, this study employs source and method triangulation techniques. According to Husnullail & Jailani (2024), triangulation is an effort to test data credibility by comparing information from various sources and techniques. This is important so that the research results are not biased toward a single narrative, but rather reflect the complex social reality in Paluh Sibaji Village. Thus, this research method serves not only as a technical tool but also as an epistemological bridge for understanding how the rural economy can be strengthened thru collaboration between MSMEs and early financial literacy education.

## RESULTS AND DISCUSSION

The KKN program implemented in Paluh Sibaji Village focuses primarily on strengthening the village economy thru empowering MSMEs while also fostering financial literacy awareness in children from an early age. The research results show that this activity not only impacts the improvement of business actors' skills but also fosters a new mindset regarding the importance of economic management within the village community.

One of the most prominent programs is the digital literacy training for MSMEs held in the village office hall.



**Figure 1. Documentation of the UMKM Workshop conducted by the UIN Sumatera Utara KKN team.**

In this activity, local business owners were introduced to simple yet relevant strategies for the digital age, such as logo creation, packaging design, and utilizing Google My Business. Field findings indicate high enthusiasm from the business owners, particularly from the group of housewives who previously had no knowledge of branding and online marketing.



**Figure 2. The atmosphere of the MSME digitalization workshop in Paluh Sibaji Village.**

Some UMKM have even successfully created Google Business accounts and started uploading their product information independently. This reinforces the statement by Fitriyani et al. (2025) that digitalization is an important bridge for MSMEs to expand their market and increase product competitiveness. This activity is not just technical training, but also opens up space for the economic empowerment of the village by positioning MSMEs as actors ready to compete in the digital economy.

In addition to training, KKN students also made direct visits to several MSME production houses, such as producers of jangek crackers, steamed sponge cake, onion cookies, shrimp paste, salted fish, and kecepai shrimp. This visit yielded important findings regarding the actual conditions of village MSMEs: most businesses still rely on simple equipment, skills are passed down thru generations, and marketing is limited to the local scope.



**Figure 3. MSME Visit to the Home-Based Crackers Business in Paluh Sibaji Village**

This finding aligns with the research results of Asrah et al. (2024), which confirms that limitations in technology and marketing are major obstacles to the development of village MSMEs. However, a small intervention in the form of digital training proved capable of providing a new perspective for business owners. The author interprets that the success of MSME empowerment does not lie in the scale of intervention, but in the ability to build collective awareness of the importance of innovation in sustaining traditional businesses.

On the other hand, children's financial literacy programs provide a new dimension in strengthening the village economy.



**Figure 4. Socialization about the difference between genuine and counterfeit money to school children.**

This activity includes socializing and introducing the characteristics of genuine and counterfeit money, as well as training in simple craft skills such as making keychains. Field findings indicate that children are not only enthusiastic about distinguishing real and fake money, but also feel proud when their work is appreciated. This supports the statement by Haryanti et al. (2020) that financial literacy for children from an early age can foster saving habits, a productive attitude, and an understanding of the value of work. This activity teaches children not only to understand the nominal value of money, but also to appreciate the process behind the creation of economic value.

The integration of these two programs, namely, empowering MSMEs and financial literacy for children, demonstrates a strong relevance to the needs of the Paluh Sibaji village community. Identified social impacts include increased awareness among MSME actors about the importance of branding and digital marketing, as well as the formation of children's awareness of the concepts of money and economic creativity. This aligns with Setiadi & Asri (2024), who emphasize that community empowerment in rural areas, focused on strengthening the local economy and providing financial education to the younger generation, can strengthen economic resilience while building social cohesion.

The author believes that these findings demonstrate a pattern of intergenerational collaboration. MSME actors, as productive economic agents, acquire new skills to survive in the digital era, while children, as the next generation, gain financial awareness from an early age. The presence of visual documentation from training activities, visits to MSMEs, and financial literacy socialization further strengthens the validity of these findings, while also serving as concrete evidence that the KKN program is capable of bringing about real change within rural communities. Thus, strengthening the rural economy cannot be understood as a partial process, but rather as an ecosystem involving business innovation, financial education, and the active participation of all segments of society.

## **CONCLUSION**

The KKN activities in Paluh Sibaji Village, Pantai Labu District, show that empowering MSMEs and financial literacy for children can be an important foundation for sustainable strengthening of the village economy. The mentoring provided to MSME actors thru digital product training, logo design introduction, and optimization of the Google Business platform not only improved their technical skills in marketing and business management but also fostered self-confidence and awareness of local potential that can be developed more broadly. Meanwhile, the MSME visits to home-based businesses such as jangek crackers, steamed sponge cake, onion cookies, shrimp paste, salted fish, and shrimp kecepai provided practical learning space and strengthened networks among business actors. On the other hand, the financial literacy program provided to elementary school children, including socialization on recognizing real and counterfeit money and simple craft skills, successfully formed an initial understanding of the value of money, saving discipline, and creativity in managing resources. This can be fundamentally understood as a long-term investment in creating a generation that is more adaptive, innovative, and independent in facing future economic challenges; Thus, the

integration of MSME empowerment and children's financial literacy not only impacts the increase in community economic capacity but also strengthens social cohesion, fosters an entrepreneurial mindset from an early age, and serves as a model for holistic, inclusive, and participatory community-based village development that is relevant for application in various regions with similar characteristics.

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