

DEVELOPMENT OF PARTNERSHIP-BASED UMKM BUSINESS MODELS IN AN EFFORTS TO REDUCE POVERTY IN KENDARI CITY

Candra Puspita Ningtyas *

Halu Oleo University, Kendari, Indonesia

Candrapuspita@uho.ac.id

Munawir Makmur

Halu Oleo University, Kendari, Indonesia

Sitti Hairani Idrus

Halu Oleo University, Kendari, Indonesia

Siti Kadri Yanti Sari

Halu Oleo University, Kendari, Indonesia

ABSTRACT

Micro, Small, and Medium Enterprises (MSMEs) play a strategic role in strengthening the community economy because they play a role in generating income, employment opportunities, and local economic activity. However, their contribution to poverty reduction still faces various obstacles, particularly limited capital, managerial capacity, technology, market access, and ongoing mentoring. This study aims to analyze the partnership model between MSMEs, the government, the private sector, and supporting institutions and to formulate a contextual partnership-based MSME business model to support poverty reduction in Kendari City. The study used a qualitative approach with a descriptive-analytical design. Data were obtained through in-depth interviews, observations, and documentation studies. The empirical units of the study included five MSMEs: Hasana Juice, Majeza, UD Mone Mandiri, Rilscape, and Erni Sintetis. Data analysis used the Miles and Huberman interactive model through data reduction, data presentation, and drawing and verifying conclusions. The results show that partnerships have been implemented through training, business legality, raw material provision, marketing, promotion, technology utilization, and mentoring. However, the partnership pattern still tends to be simple, informal, and not yet integrated sustainably. The research produced a model that positions MSMEs as the primary actors, the government as a facilitator and regulator, the private sector as a value chain partner, and supporting institutions as providers of financing, knowledge, and innovation. Strengthening integration between these stakeholders is expected to improve MSME capacity and performance, expand markets, increase incomes, and create employment opportunities, contributing to poverty reduction.

Keywords: MSMEs, partnerships, business models, poverty reduction.

INTRODUCTION

Poverty is a multidimensional development problem and is not only related to low income but also limited access to productive resources, employment, education, basic services, and economic opportunities. Therefore, poverty reduction strategies need to be directed at strengthening community economic capacity and creating opportunities that enable vulnerable groups to participate in economic activities sustainably. This approach aligns with the Capability Approach, which views poverty as a limited capability to obtain valuable life opportunities (Sen, 2000).

In Kendari City, MSMEs have strategic potential as instruments for strengthening the local economy. Research documents indicate that by 2023, there will be approximately 41,908 MSME units capable of absorbing more than 114,000 workers. However, MSME actors still face limitations in access to formal capital, managerial capacity, product innovation, and market access. These conditions limit MSMEs' ability to grow and optimally contribute to increasing community income. The Kendari City Government has implemented various forms of MSME empowerment, including entrepreneurship training, legal facilitation, promotions, and empowerment programs. However, this support has not been fully integrated into a sustainable partnership model. Research findings indicate that collaboration with the government, private sector, suppliers, resellers, customers, and supporting institutions has provided benefits, but remains modest and has not yet formed a strong business ecosystem.

Conceptually, partnership-based MSME development can be understood through a business ecosystem. Moore (2006) explains that the success of a business is determined not only by the company's internal capabilities but also by the network of interdependent actors involved in value creation. The collaborative governance perspective is also relevant because MSME development and poverty reduction are complex issues that require the involvement of government and non-governmental actors in a collaborative process (Ansell & Gash, 2008). Previous research shows that MSMEs contribute to poverty reduction by increasing employment and income opportunities, while empowerment through training and financing can increase business capacity. Studies on MSME and cooperative partnerships also demonstrate benefits for market access and competitiveness. However, this study focuses on how these various forms of support can be integrated into a single partnership business model involving MSMEs, the government, the private sector, and supporting institutions in the context of Kendari City. Therefore, this study aims to analyze the forms of partnerships, the process of capacity building through partnerships, and

their contribution to strengthening the community economy as a pathway to poverty reduction. The novelty of this research lies in the formulation of a conceptual model that connects partnership actors, capacity building mechanisms, value creation, and economic outcomes contextually in Kendari City MSMEs.

RESEARCH METHODS

This research uses a qualitative approach with a descriptive-analytical design. This qualitative approach was chosen because the research aims to deeply understand the dynamics of MSME partnerships, the roles of the actors involved, the process of strengthening business capacity, and the partnership's contribution to strengthening the community economy. Meanwhile, a descriptive-analytical design is used to systematically describe the research phenomena while interpreting the relationships between findings obtained from the field.

With this approach, the research not only describes the forms and processes of ongoing partnerships but also analyzes how partnerships, support between stakeholders, and capacity building contribute to the development of MSME businesses. The research was conducted in Kendari City, Southeast Sulawesi Province. The location was selected purposively considering that Kendari City is one of the centers of regional economic growth with MSME activities in various sectors, including trade, culinary, services, processing, and home industries. The research took place from February to November 2026, encompassing several stages, starting from research preparation, field data collection, data processing and analysis, model development, article writing, and finalization of research outputs. Research informants were determined using a purposive sampling technique, namely selecting informants based on their involvement, experience, and knowledge of MSME development and business partnerships.

During the process, the selection of informants can be expanded through snowball sampling if other relevant sources of information are found based on recommendations from previous informants. In the empirical analysis of this study, there are five main MSMEs that serve as sources of field information: Hasana Juice, Majeza, UD Mone Mandiri, Rilscape, and Erni Sintetis. These five MSMEs were used to obtain information on the forms and experiences of partnerships, business development processes, capacity building, and various obstacles and needs faced in running a business. In addition to MSME actors, the research informant framework also includes local government officials, the private sector or large businesses, and supporting institutions such as banks, cooperatives, and universities that are related to MSME development. However, the research document that serves as the basis for this article does not explicitly include the total number of informants across categories.

Therefore, this study did not fictitiously determine the number of additional informants from government, private, or supporting institutions. The number that can be ascertained based on the research data is the five main MSMEs analyzed. Data collection was conducted through in-depth semi-structured interviews, observations, and documentation studies. In-depth interviews were used to explore informants' experiences, perceptions, and views regarding partnership forms, government support, capacity building processes, business constraints, and MSME development needs. Observations were conducted to gain a direct understanding of business activities, operational conditions, and the forms of interaction that occur within partnership relationships. Meanwhile, documentation studies were used to examine various relevant written sources, such as statistical data, policy documents, program reports, and other documents related to MSME development and business partnerships. These three data collection techniques were used triangulation to increase the credibility of the data and strengthen the validity of the findings by comparing information obtained from various sources and methods.

The collected data was then analyzed using the Miles and Huberman interactive analysis model. The analysis process was carried out simultaneously from the data collection stage to the drawing of conclusions, so that the analysis process was not only carried out after all data was collected, but also continued throughout the research. The first stage is data reduction, namely the process of selecting, focusing, coding, and grouping relevant information based on research themes, such as partnerships, training, financing, technology, marketing, mentoring, business capacity, and economic contribution. The second stage is data presentation, which is done through thematic descriptions and tables to facilitate the identification and comparison of patterns of relationships between findings, both between MSMEs and between stakeholders. The third stage is drawing and verifying conclusions, which is done by comparing findings between MSMEs and between actors and checking the consistency of information through observation and documentation.

Thus, the analysis process produces a more comprehensive understanding of the dynamics of MSME partnerships, the roles of actors, capacity building mechanisms, and the contribution of partnerships to strengthening the community economy in Kendari City.

RESULTS AND DISCUSSION

Characteristics of the MSMEs Studied

MSMEs	Business fields	Form of Strengthening/Partnership
Hasana Juice	Modern drinks	Business evaluation and digital marketing

Maqeza	Snacks and business packaging	Suppliers, resellers, regular customers, bazaars
UD Mone Mandiri	Waste treatment	Private business and partnership training
Rilscake	Modern culinary	Product innovation and digital promotion
Erni Synthetic	Rattan and natural fiber crafts	Development of handmade and green products

The five MSMEs exhibit diverse business characteristics, but all demonstrate a need to strengthen their networks, capacity, marketing, and sustainability. Hasana Juice relies on quality evaluation and social media; Maqeza benefits from relationships with suppliers, resellers, and repeat customers; UD Mone Mandiri develops the economic value of waste; Rilscake combines product innovation with digital promotion; and Erni Sintetis relies on local skills and environmentally friendly products.

Partnership between MSMEs and the Government

The government acts as a facilitator through business training, legal assistance, promotion, and empowerment programs. At UD Mone Mandiri, for example, government support in the form of business development training and legal facilitation helps entrepreneurs understand business management and development. However, findings indicate limitations such as a lack of outreach, lack of program sustainability, and minimal post-training support.

Partnerships with the Private Sector and Business Networks

The private sector and business networks play a role through relationships with suppliers, resellers, regular customers, and marketing support. This pattern helps MSMEs maintain the availability of materials or goods, maintain market share, and expand sales reach. The value chain perspective explains that relationships between actors in the value chain can strengthen efficiency, quality, and market access (Porter, 2008).

Capacity Building through Training, Technology, Marketing, and Mentoring

The research results revealed five main mechanisms for capacity building: training, financing, technology utilization, marketing, and mentoring. At Hasana Juice, internal evaluations are conducted regularly to maintain product quality and outlet cleanliness. Social media platforms such as TikTok, Instagram, and Facebook are used for promotion. At Erni Sintetis, skills transfer occurs through the development of handmade and weaving techniques. These findings suggest that both internal and external learning play a role in capacity building.

Partnership-Based MSME Business Model

The formulated model places four groups of actors within a single ecosystem. First, MSMEs serve as the center of value creation and implementers of business activities. Second, the government acts as a facilitator and regulator through policies, legality, training, and mentoring. Third, the private sector or large businesses serve as strategic partners in the supply chain, marketing, technology transfer, and market development. Fourth, supporting institutions such as banks, cooperatives, and universities strengthen financing, knowledge, innovation, and mentoring. This model positions partnerships not merely as transactional relationships, but as value creation mechanisms. Integration between parties is expected to strengthen access to capital, managerial capacity, technology, innovation, and markets. From a business ecosystem perspective, the success of MSMEs depends on the relationships between actors in a mutually supportive network (Moore, 2006). From a collaborative governance perspective, the sustainability of the model requires coordination, trust, commitment, and institutional design that allows actors to share resources and responsibilities (Ansell & Gash, 2008).

Contribution to Poverty Reduction

Research findings indicate that partnerships help maintain business continuity, improve product quality, expand markets, increase income, and create employment opportunities. This mechanism can be understood as an economic pathway to poverty reduction because it increases people's access to jobs and income sources. However, this study did not directly measure poverty reduction. Therefore, contributions to poverty reduction are positioned as a potential outcome that works through strengthening the capabilities and performance of MSMEs.

CONCLUSION

Research shows that partnership-based MSME business models in Kendari City have developed through relationships between MSMEs, the government, the private sector, suppliers, resellers, customers, and supporting institutions. Partnerships include training, legal support, raw material provision, financing, technology utilization, marketing, promotion, and mentoring.

However, partnerships still tend to be simple, informal, and not yet sustainably integrated. Therefore, the MSME development model needs to integrate four main components: MSMEs as centers of value creation; the government as facilitator and regulator; the private sector as value chain partners; and supporting institutions as providers of financing, knowledge, and innovation. This integration is expected to

improve business capacity and performance, expand markets, increase income, and create employment opportunities, ultimately strengthening MSMEs' contribution to poverty reduction.

REFERENCES

- Alkire, S., & Foster, J. (2011). Counting and multidimensional poverty measurement. *Journal of Public Economics*, 95(7–8), 476–487.
- Ansell, C., & Gash, A. (2008). Collaborative governance in theory and practice. *Journal of Public Administration Research and Theory*, 18(4), 543–571. <https://doi.org/10.1093/jopart/mum032>
- Blakely, E. J., & Leigh, N. G. (2013). *Planning local economic development: Theory and practice* (5th ed.). SAGE Publications.
- Brinkerhoff, J. M. (2002). Government–nonprofit partnerships: A defining framework. *Public Administration and Development*, 22(1), 19–30. <https://doi.org/10.1002/pad.203>
- Chambers, R. (2006). Unperceived poverty: Traps, biases and agendas. Institute of Development Studies.
- Etzkowitz, H., & Leydesdorff, L. (2000). The dynamics of innovation: From national systems and “Mode 2” to a triple helix of university–industry–government relations. *Research Policy*, 29(2), 109–123. [https://doi.org/10.1016/S0048-7333\(99\)00055-4](https://doi.org/10.1016/S0048-7333(99)00055-4)
- Isenberg, D. J. (2010). The big idea: How to start an entrepreneurial revolution. *Harvard Business Review*, 88(6), 40–50.
- Kotler, P., & Keller, K. L. (2016). *Marketing management* (15th ed.). Pearson.
- Moore, J. F. (2006). Business ecosystems and the view from the firm. In A. Gawer (Ed.), *Platforms, markets and innovation*. Edward Elgar.
- Nirwan, N., Semmaila, B., & Aminuddin, A. (2021). The role of micro, small, and medium enterprises in reducing poverty and unemployment. *Journal of Governance*, 8(2), 85–96.
- OECD. (2017). *Enhancing the contribution of SMEs in a global and digitalized economy*. OECD Publishing.
- Porter, M.E. (2008). *Competitive advantage: Creating and sustaining superior performance*. Free Press.
- Putri, BYD, Budiati, A., & Cadith, J. (2023). MSME empowerment strategies in regional poverty alleviation. *Niara Journal*, 16(1), 102–113.
- Putri, DA, Anggraini, D., & Pratama, R. (2024). The role of local government policies in developing MSMEs and community welfare. *Journal of Regional Economics and Development*, 12(1), 55–66.
- Ranieri, R., & Ramos, R.A. (2013). Inclusive growth: Building up a concept. International Policy Center for Inclusive Growth Working Paper, 104.
- Sari, DS, Adil, E., & Irawan, I. (2022). Partnership model between MSMEs and cooperatives in increasing the competitiveness of small businesses. *Journal of Economics and Business*, 14(2), 120–131.

- Sen, A. (2000). *Development as freedom*. Oxford University Press.
- Tambunan, T. (2019). *MSMEs in Indonesia: Developments and challenges*. Ghalia Indonesia.
- Umah, VR, Effendi, NM, & Hidayat, R. (2025). The role of MSMEs in achieving the Sustainable Development Goals (SDGs). *Proceedings of the National Seminar on Economics and Development*, 3(1), 45–54.
- United Nations Development Programme. (2015). *Transforming our world: The 2030 agenda for sustainable development*. United Nations.
- World Bank. (2018). *Poverty and shared prosperity 2018: Piecing together the poverty puzzle*. World Bank.
- Law of the Republic of Indonesia Number 20 of 2008 concerning Micro, Small and Medium Enterprises.