



The Impact of Mice Multiplier Effect on Local UMKM Income in Medan

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Abstract

This study was conducted to analyze the development of the implementation of MICE (Meetings, Incentives, Conventions, and Exhibitions) activities by contributing to increasing the income of Micro, Small, and Medium Enterprises (MSMEs) in Medan City. This study was conducted with a quantitative approach related to survey techniques on 80 MSME actors who have direct experience in MICE activities. The findings show that most respondents experienced an increase in income and expansion of business relations after their involvement in MICE. Around 80% of respondents have been involved as exhibition booth renters, providers of consumption services, or souvenir makers. Businesses in the culinary and handicraft sectors are the most widely run, because they are in line with the typical needs of MICE events. In addition to providing a direct economic impact, MICE has also proven to be a strategic promotional media for local MSME products. However, there are still various obstacles such as limited production capacity, lack of mastery of digital technology, and minimal training available. Thus, synergy between MSME actors, event organizers, and the government is key to optimizing the role of the MICE industry as a driver of local economic growth.

INTRODUCTION

The Meetings, Incentives, Conventions, and Exhibitions (MICE) industry has experienced significant growth and plays a key role in driving economic development in various countries, especially in Indonesia. The increasing mobility of global business is driving increasing demand for MICE services, which has direct implications for the hospitality, tourism, and various other supporting sectors (Rogers, 2021; Aburumman, 2020; Anas et al., 2020). Major cities in Indonesia are starting to utilize the potential of the MICE industry as an economic development strategy, including Medan City, which is the largest economic center outside Java.

As a metropolitan city in North Sumatra, Medan has supporting infrastructure such as star-rated hotels, convention centers, and good transportation accessibility, making it a strategic destination for holding national and international events

(Sihombing & Simamora, 2023; Ouma, 2023; Yang et al., 2014). The development of the MICE industry in Medan has a broad economic impact, one of the impacts of the development and growth of Micro, Small, and Medium Enterprises (MSMEs). MSME actors contribute as providers of various event support services, such as catering, souvenir production, decoration, and transportation services (Supriyanto et al., 2024; Soukhathammavong & Park, 2019; Camilleri, 2017; Alejandrino et al., 2022).

In this context, the MICE industry creates a multiplier effect through backward linkage and forward linkage, where demand for MSME products and services increases, and additional spending from event participants expands the local economic impact (Situmorang, 2022; Kumar & Hussain, 2022; Vanhove, 2022). However, not all MSMEs are able to take advantage of this opportunity optimally due to various obstacles such as limited capital, low market access, and the inability to meet the quality standards required by the MICE industry (de Guzman & Quezon, 2024; Lekgau, 2022).

Medan City continues to develop the MICE sector as part of its strategic regional development plan, but the involvement of MSMEs in the MICE ecosystem still faces structural challenges. Along with the national program to support MSMEs as the backbone of the Indonesian economy, there is a need to deeply evaluate the relationship between industry growth (Nursini, 2020; Saputra & Darmawan, 2023; Kusumawardhani et al., 2015; Khaing, 2024).

The main problem underlying this research is the gap between the growth potential of the MICE industry and the adaptability and readiness of MSMEs to take advantage of these opportunities. Without proper intervention, MSMEs are at risk of being left behind in the flow of economic growth, so that the goal of inclusive economic development cannot be achieved. Therefore, it is important to systematically understand the economic impact of the MICE industry on MSMEs in order to formulate more effective policies. Previous research has shown that the MICE industry is able to make a significant contribution to the regional economy by increasing local business activity and absorbing labor (McCartney et al., 2014). A study by Kusumawati (2022) found that the MSME sector that was successfully integrated with the MICE industry experienced revenue growth of up to 35% within one year. In addition, research by Pratama and Harahap (2023) in Bandung City showed that the existence of a strong backward linkage between MSMEs and MICE organizers significantly increased the production capacity of MSMEs. However, several studies also note that the success of MSME integration with the MICE industry is highly dependent on factors such as access to financing, skills training, and policy support from local governments (Syahrani et al., 2023). Thus, the purpose of this study is to examine the extent to which the MICE industry provides a multiplier effect on MSME income in Medan City, identify various factors that encourage or hinder MSME participation in the MICE industry ecosystem, and formulate strategic recommendations to optimize the role of MSMEs in the MICE sector to support sustainable local economic development.

METHODS

The research design in this study is a quantitative research methodology to determine the effect of the multiplier of the MICE (Meetings, Incentives, Conferences, and Exhibitions) industry on the revenue of the local Micro, Small, and Medium Enterprises (MSMEs) in the city of Medan. According to the quantitative approach, it would be appropriate since it allows the systematic measurement and statistical analysis of the connection between the MICE activities and MSME income changes.

Having used such numerical data, the research will be able to test hypotheses objectively and measure the degree of impact that the MICE sector has on the local businesses.

The research design identified is a survey research and it was chosen because of its efficacy in obtaining data that is direct and the respondents represent the population of MSME in Medan. The survey tool gives a systematic way of collecting similar information across various business units hence allows better generalization in the context of the study.

A purposive sampling method was applied in sampling. This approach was used to make sure that the respondents fit certain requirements of the research goals. The main criterion was MSME actors that were directly engaged in or enjoyed MICE activities in Medan. These activities include exhibitions, conferences and trade fairs among others that create business opportunities to the local enterprises. The total number of MSME respondents was 80 and it could be seen that they were evenly distributed across several lines of business including culinary, handicraft, fashion and other creative businesses. The reason behind this diversity of respondents was to indicate the different ways of engagement and impact of MICE activities on different sectors.

The data were gathered using structured questionnaires which were administered to owners or representatives of MSME. The questionnaire was created in such a way that it would both identify the demographics (type of business, length of operation, and degree of involvement in MICE events) and the most important variables of the research, i.e., the perceived benefits and changes in revenues related to the participation in MICE events. This form of organization provided consistency in data collection and also made it easy to use statistical analysis methods.

The data obtained were processed and analysed through the application of descriptive and inferential statistics. The descriptive statistics were used to summarize the nature of respondents and give a general idea of the way the MSMEs in the various sectors are involved in the MICE activities. The research hypotheses were tested with the help of inferential statistics which were the correlation and regression analysis to identify the power and the significance of the relationship between the MICE participation and the changes in the MSME income. This two-level analysis strategy provided the necessary conditions so that the general trends could be determined as well as particular relationships.

The purposive sampling and use of surveys to collect data and statistical analysis of the data make the methodology used in the study a holistic structure in conducting the research on the role of the MICE industry in aiding the local economic development. It also guarantees that the results are empirically based and to the policy debates on the maximization of benefits of MICE activities to MSMEs in Medan City.

RESULTS AND DISCUSSION

This study examines the role of the Meetings, Incentives, Conventions, and Exhibitions (MICE) industry in shaping the economic outcomes of Micro, Small, and Medium Enterprises (MSMEs) in Medan City. Medan, as the largest economic hub outside Java, has invested heavily in MICE infrastructure such as convention centers and hotels, positioning itself as a major destination for national and international events (Sihombing & Simamora, 2023). MSMEs form the backbone of the local economy, and their integration into the MICE ecosystem is expected to generate a

multiplier effect through increased sales, expanded networks, and enhanced promotional opportunities (Situmorang, 2022; Rogers, 2021). The survey of 80 MSMEs provides insights into how participation in MICE activities influences their income, competitiveness, and sustainability.

Demographic Profile and Gendered Participation

Table 1. Gender distribution of MSME respondents in Medan

Gender	Percentage (%)
Female	60
Male	40

Survey results show that 60% of respondents were women, primarily engaged in culinary and handicraft sectors, while 40% were men, more often involved in services and logistics. This highlights the strong role of women entrepreneurs in the MICE ecosystem. Prior studies confirm that women are often at the forefront of creative industries and small enterprises, contributing not only to household income but also to community development (Kusumawati, 2022). The predominance of female MSME actors suggests that MICE participation may also function as a gender empowerment mechanism, offering women greater visibility and access to broader markets. However, challenges remain, as women-owned enterprises often face structural barriers such as limited access to capital and technology. Thus, while gendered participation reflects inclusivity, more targeted support is necessary to sustain the role of women in the industry (Kabeer, 2021; Santoso & Anggraeni, 2023).

Business Sectors and Market Relevance

Table 2. Business sectors of MSME respondents engaged in MICE activities

Business Sector	Percentage (%)
Culinary	45
Handicrafts	30
Fashion	15
Souvenirs/Other Creative Products	10

The dominant business types represented were culinary (45%) and handicrafts (30%), followed by fashion (15%) and souvenirs/other creative products (10%). These sectors align closely with MICE event demands, which typically require catering services, gifts, and decorative items (Liem & Surya, 2021; Yusri & Lestari, 2022). The alignment illustrates the backward and forward linkages emphasized in multiplier effect theory, where core industries stimulate demand in supporting sectors (Situmorang, 2022). Yet, this concentration on a few business types raises concerns about market saturation and competition among MSMEs. As Kartika and Hidayat (2023) argue, diversification and innovation are key for MSMEs to maintain competitiveness in event-driven markets. Furthermore, MSMEs in sectors less directly linked to MICE often find it harder to integrate, suggesting the need for event organizers to broaden procurement practices and provide training for underrepresented industries (Wulandari & Prabowo, 2020; Khaing, 2024).

Income Growth and Multiplier Effect

Table 3. Reported income growth of MSMEs after participating in MICE events

Income Growth after MICE	Percentage (%)
Increased	80
No Change/Decreased	20

Approximately 80% of respondents reported increased income after participating in MICE events. Many attributed this growth not only to direct sales during events but also to longer-term benefits, such as repeat orders and new business partnerships. This supports previous findings that MICE activities significantly enhance local economic circulation by stimulating demand for local goods and services (Ciuffreda & Simonetti, 2024; Pratama & Harahap, 2023). The reported multiplier effect aligns with Kusumawati's (2022) study, which found revenue growth up to 35% among MSMEs integrated with MICE. However, the benefits were not evenly distributed: smaller enterprises with limited capacity often struggled to keep pace with large-scale demand. This echoes concerns raised by Syahrani et al. (2023), who argue that access to training, financing, and government facilitation is critical to ensuring equitable benefits. Without systemic support, MICE-driven income growth risks reinforcing inequalities among MSMEs rather than reducing them.

Promotion, Branding, and Market Expansion

Table 4. Forms of MSME participation in MICE events

Form of Participation	Percentage of Respondents (%)
Exhibition Booth Rental	35
Catering/Food Services	25
Souvenir Production	20
Other Event Services	20

MICE participation provided MSMEs with significant exposure, enabling them to showcase products to visitors from within and outside Medan. For many respondents, events served as a platform to strengthen brand recognition and penetrate new markets. This aligns with findings by Nurfadilah and Saputra (2020) and Yusri and Lestari (2022), who emphasize the promotional power of exhibitions for MSMEs. Moreover, Gultom et al. (2025) show that participation in MICE events enhances MSME competitiveness through increased visibility. However, critical interpretation suggests that promotional benefits are often temporary unless followed up with strong marketing strategies. Many MSMEs lacked digital marketing capabilities to sustain customer relationships post-event, a gap also highlighted by Kartika and Hidayat (2023). Thus, while MICE events are effective as promotional media, without digital adoption and branding continuity, MSMEs may not fully capitalize on the visibility gained (Santoso & Anggraeni, 2023; Rogers, 2021).

Barriers to Sustainability

Table 5. Reported barriers to sustainability among MSMEs in MICE participation

Barriers	Percentage of Respondents (%)
Limited Production Capacity	30
Weak Business Management	25
Low Digital Literacy	25
Limited Access to Finance	20

Despite positive impacts, respondents highlighted key barriers: limited production capacity, weak management skills, and low digital literacy. These constraints resonate with previous studies identifying structural challenges faced by MSMEs in MICE ecosystems (Jones et al., 2013; Disimulacion, 2021). Kartika and Hidayat (2023) argue that digitalization is crucial for MSMEs to sustain post-event market demand, yet many surveyed actors had minimal online presence. Furthermore, inadequate access to finance hinders the ability of small businesses to scale

production and meet bulk orders associated with MICE events (Syahrani et al., 2023; Wulandari & Prabowo, 2020). These findings suggest that without systemic interventions such as incubator programs, training, and partnerships MSMEs risk being excluded from long-term gains. As Kevane et al. (2024) highlight, creative industry-based MSMEs can thrive if supported with capacity-building policies, but left unsupported, they remain vulnerable to market.

Discussion

Based on the results of quantitative data collection from 80 respondents who are MSME actors in Medan City, this study indicates that MICE (Meetings, Incentives, Conventions, and Exhibitions) activities play a significant role in increasing the income of local MSMEs. As many as 80% of respondents stated that they had participated directly in MICE activities, either as exhibition participants, food providers, decorators, or souvenir makers. The high level of involvement reflects that the MICE sector opens up great opportunities for MSMEs to be involved in large-scale economic activities. In addition, the data also shows that the majority of business actors are women (60%), and most are in the productive age range of 31-45 years (47%). This indicates that MSME actors in Medan are a group that is responsive to economic opportunities and has a high entrepreneurial spirit. The types of businesses that are most widely run include culinary and handicrafts, which are directly related to the main needs in organizing MICE events. In terms of income, most respondents admitted to experiencing an increase in income after participating in MICE activities. These findings support the existence of a multiplier effect, where core activities such as MICE events are able to drive demand for products and services from supporting sectors, including MSMEs. This positive impact is not only felt during the event, but also continues through the opening of new business networks and increased demand after the event is over. In addition to the impact on income, involvement in MICE activities also has a positive impact on the business promotion aspect. MSME products displayed in the event become more widely known by visitors, both from within and outside the city. This creates opportunities for MSMEs to expand their market reach and increase the competitiveness of local products at the national and international levels.

However, this opportunity has not been fully utilized by all MSME actors. Some obstacles that are still often encountered include limited production capacity, lack of management and marketing skills, and minimal access to digital technology. There are still many MSMEs that have not been able to optimally utilize social media and e-commerce platforms to maintain the sustainability of their businesses after participating in MICE activities (Amornkitvikai et al., 2022; Indrajaya et al., 2024). Therefore, synergistic cooperation is needed between local governments, event organizers, and MSME actors in order to maximize the potential of the MICE sector as a driver of local economic growth. The government can play a role in providing training, access to funding, and digital promotion support. Meanwhile, MSMEs are required to continue to improve the quality of products and services in order to be able to compete in a wider market. If this collaboration can be realized properly, the MICE sector will not only be a medium for short-term promotion and transactions, but will also be able to become an important pillar in inclusive and sustainable economic growth in the regions.

CONCLUSION

This study shows that the MICE (Meetings, Incentives, Conventions, and Exhibitions) sector has a strong influence on increasing the income of MSMEs in Medan City. The

majority of MSMEs participating in MICE activities experienced revenue growth and gained strategic benefits in terms of promotion and expanding business relations. The MICE industry also encourage a multiplier effect through increasing demand for local goods and services, especially in the culinary, craft, and fashion sectors. However, there are still MSMEs that have not been able to optimally utilize these opportunities due to limitations in production capacity, business management, and technology utilization.

Suggestion

For Local Government

Local governments are encouraged to strengthen their support for MSMEs by providing entrepreneurship training, easy access to financing, and digital-based promotional media. In addition, the government should also act as a liaison between MICE event organizers and MSME actors in order to create more systematic and sustainable collaboration.

For MSMEs

MSMEs are expected to be more active in improving the quality of their products and services, and to start utilizing digital technology in marketing strategies and business management. In addition, increasing readiness to meet large-scale demand is important so that MSMEs can be competitive in the MICE industry environment.

For MICE Event Organizers

The organizers are expected to provide greater opportunities for the involvement of local MSMEs and hold coaching or training programs to help develop the capacity and quality of MSMEs participating in MICE events.

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