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## Assessing MBG Economic Spillovers Through Parents, Canteens, and MSMEs

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### Abstract

*This study analyzes the economic impact of President Prabowo's Free Nutritious Meal (MBG) Program on local communities, with particular attention to changes in economic activities within schools and their surrounding environments. The research aims to identify how the implementation of the MBG program affects school canteen operators, nearby micro, small, and medium enterprises (MSMEs), as well as parents or guardians who indirectly experience the outcomes of this policy. To achieve these objectives, the study adopts a mixed-methods approach that integrates qualitative and quantitative techniques. Primary data were collected through semi-structured interviews with three main respondent groups—school canteen operators, MSME actors, and parents—while quantitative data analysis was employed to support and validate the field findings. The results indicate that the MBG program has generated new economic opportunities, particularly for MSMEs involved in food production, distribution, and catering services that partner with the program. However, the findings also reveal notable challenges. School canteen operators and non-partnered MSMEs experience a decline in student purchases due to reduced demand, leading to intensified competition and potential income losses. Additionally, increased demand for food ingredients by MBG vendors has contributed to rising raw material prices, which disproportionately affects small-scale businesses with limited capital. On the consumer side, parents report reduced daily food expenditures and improved nutritional intake for students, highlighting positive welfare effects of the program. Overall, the study suggests that the MBG program holds significant potential to strengthen local economies. Nevertheless, its long-term effectiveness depends on equitable access for local businesses, fair distribution of economic opportunities, and the development of sustainable partnerships between schools and community-based enterprises.*

**Keywords:** Free Nutritious Meal Program, Local Economy, MSMEs, Mixed Methods, School Community

### 1. Introduction

In many areas, the daily provision of nutritious meals has encouraged the involvement of micro, small, and medium enterprises (MSMEs), particularly those participating in the supply chain of food ingredients. MSMEs represent a central pillar of Indonesia's economic structure, contributing more than 60% of national GDP and employing over 97% of the workforce (Kementerian Koperasi dan UMKM, 2022). Consequently, changes in food demand patterns driven by the MBG program have the potential to open new economic opportunities for businesses integrated into the procurement system. However, shifts in students' consumption behavior also bring challenges for school canteen operators and nearby MSMEs that previously served as the primary providers of students' daily needs.

The increased demand for raw ingredients from MBG vendors in certain regions has contributed to rising input prices, placing additional pressure on small businesses that rely heavily on price stability to maintain profit margins. At the same time, parents and guardians generally view the program positively, as it helps reduce daily household food expenses and enhances the nutritional quality of their children's diets, indicating that the program continues to deliver meaningful social benefits.

Considering these dynamics, this study aims to examine how the implementation of the MBG program influences local economic activity, particularly the economic interactions occurring within school settings and surrounding communities. The research focuses on assessing the impacts on school canteen managers, nearby MSMEs, and the perceptions of parents or guardians as indirect beneficiaries. Using a mixed-methods approach

that combines semi-structured interviews with three groups of informants and supporting quantitative data analysis, this study seeks to provide a comprehensive understanding of how economic benefits are distributed and what potential disparities emerge. The findings are expected to serve as a foundation for strengthening program implementation through more inclusive and sustainable strategies, ensuring that the MBG program generates equitable local economic benefits and fosters constructive collaboration among economic actors within school communities.

The Free Nutritious Meal Program (MBG) can be analyzed from an economic perspective, particularly regarding how the increase in school-based food demand influences local economic activities, supply chain dynamics, and small business actors.

### 1. Local Economic Perspective

The MBG program has the potential to create a local multiplier effect through the continuous demand for food ingredients required for student meals. When schools or catering providers purchase supplies from local vendors, this can:

- a. increase the revenues of MSMEs, market traders, and small producers,
- b. expand employment opportunities in the food sector, and
- c. accelerate economic circulation at the village or community level.

This approach aligns with the concept of home-grown school feeding, which emphasizes the involvement of local farmers and MSMEs so that the economic benefits remain within the local community (Gupta, 2025; Barnabas et al., 2023). In addition, the local food supply chain framework suggests that the shorter the distribution channels (local sourcing), the greater the value added received by small producers, as distribution costs and intermediary margins can be reduced (Upton et al., 2012).

### 2. Potential Inequality in Economic Benefits

Although MBG can stimulate local economic activity, several studies indicate that large-scale demand surges may also generate inequalities in the distribution of economic benefits. Larger enterprises with stronger capital and greater production capacity may dominate procurement compared to micro-MSMEs, which generally operate with thin margins and limited access to capital. Rising raw material prices triggered by increased demand can also impose cost pressures on small businesses that are unable to adjust their scale or production expenses (Miro et al., 2011). Therefore, it is essential to assess whether the economic impact of MBG is inclusive or if it disproportionately benefits certain groups.

Based on the theoretical framework and previous research findings, the hypotheses of this study are as follows:

- a. The implementation of the Free Nutritious Meal Program (MBG) increases local economic activity through higher demand for food supplies from traders, MSMEs, small farmers, and food service providers.
- b. The MBG program generates economic benefits for local business actors, particularly in the form of increased revenue and expanded business opportunities.
- c. The economic benefits of the MBG program are not distributed evenly, where enterprises with greater capital and production capacity tend to obtain higher gains compared to micro-MSMEs.
- d. Parents or guardians perceive MBG as providing economic relief through reduced household spending on children's meals during school days.

## 2. Research Methods

This research employed a mixed-methods approach with a sequential approach. Initially, quantitative data was collected to examine changes in economic activity after the Free Nutritional Meals (MBG) Program was implemented in schools. These initial findings were then further substantiated through a qualitative phase using semi-structured interviews to explain the social factors influencing the changes. This approach was chosen to provide a more comprehensive picture, both through numerical data and in-depth explanations. The research location was MAN 1 Bandar Lampung, as this area is the center of changes in student consumption and economic interactions with the canteen and surrounding MSMEs.

Informants included the canteen manager, MSMEs supplying or trading near the school, and parents who experienced the indirect impacts of the program. Primary data were collected through questionnaires, interviews, and observations. Data collection techniques included a Likert-scale survey to measure changes in income and business activity, interviews to explore informants' experiences, and observations of economic conditions and the MBG Program food distribution process. The research instruments included questionnaires, interviews, observation sheets, recording devices, and document checklists to ensure systematic and accurate data collection.

### 3. Results and Discussions

This study involved 16 respondents consisting of 5 school canteen managers, 6 MSME (Micro, Small, and Medium Enterprises) operators around the school, and 5 parents/guardians of students. These three groups of respondents were selected because they have direct and indirect involvement in the implementation of the Free Nutritious Meal Program (MBG) and play an important role in describing the economic impact of the program from the perspective of school-based businesses, local economic actors, and beneficiary households.

#### 1. The Impact of the MBG Program on School Canteens

Based on the questionnaire results completed by 5 school canteen managers, in general, the MBG Program has not yet had a significant economic impact on increasing income and business stability of school canteens. Student purchases at the canteen tend not to increase, daily income remains fluctuating, and overall economic benefits have not been clearly felt. However, in terms of product variation and development, most canteen managers showed more positive responses as a form of business adaptation.

These quantitative findings are reinforced by qualitative interview results with several heavy-meal food vendors operating around the school canteen. Mr. Kanang and the owner canteen MAN 1 stated that since the implementation of the MBG program, they have experienced a decline in the number of customers and income. According to them, after receiving free lunch packages from the school, many students go straight home and no longer purchase food at the canteen or nearby stalls. As a result, their turnover has become unstable, and some vendors even had to use personal capital to sustain their businesses.

**Table 1.**  
**Summary of Questionnaire Results on the MBG Program's Impact on School Canteens**

Observed Aspect	Trend	Economic Implication
Purchase volume	No increase	No transaction surge
Income stability	Unstable	Daily revenue fluctuates
Students' purchasing power	Neutral–increasing	Some students still make purchases
Product variety	Increasing	Product innovation occurs
Income predictability	Neutral	Revenue remains uncertain
Product expansion	Increasing	Business adaptation strategy
Economic benefit of cooperation	Unprofitable	Direct benefits not yet felt

Business sustainability	Uncertain	MBG does not yet ensure continuity
Canteen crowd level	Unstable	Customer flow fluctuates
Overall economic benefit	Insignificant	Economic impact remains weak

These conditions indicate that the MBG Program tends to create a consumption substitution effect, namely the shift of student consumption from the school canteen to free meals. In theory, a school meal program should be able to strengthen the local economy if it involves surrounding business actors as part of the supply chain. However, in this study, the canteen was not directly involved as an MBG provider. Therefore, the hypothesis stating that MBG increases canteen income and business sustainability is not empirically supported.

## 2. The Impact of the MBG Program on MSMEs Around the School

The questionnaire results from 6 MSME operators around the school indicate that the MBG Program has not yet provided a strong economic impact on the growth of their businesses. The number of students shopping at MSMEs did not increase significantly, causing daily income to stagnate. In addition, the long-term economic impact of MBG has also not been clearly felt by most MSME operators. Turnover stability remains highly dependent on school activities.

Interview results show that the impact of MBG on MSMEs varies depending on the type of business. Ms. Murni, who sells beverages and light snacks, actually experienced a positive impact from the MBG program. She stated that although students receive free lunch, they still buy drinks and snacks, so her daily income tends to remain stable and even shows potential for growth. Ms. Murni also sees long-term opportunities, such as the formation of regular customers and sustained demand during school activities, and therefore supports the continuation of the MBG program.

In contrast, Mr. Hendri expressed a more critical view. He stated that MBG has not provided a positive effect on his business and has even caused a decline in turnover. According to him, MBG does not increase students' purchasing power and is unable to maintain MSME income stability when school activities change. Therefore, he believes that MBG has not yet functioned as an economic buffer for surrounding MSMEs.

**Table 2.**  
**Summary of Questionnaire Results on the MBG Program's Impact on MSMEs Around the School**

Observed Aspect	Trend	Economic Meaning
Number of student customers	No increase	Demand does not increase
Daily income	No increase	Turnover stagnates
Long-term impact	Tends to be negative	Business growth not yet visible
Student purchasing power	Neutral	Consumption remains, but limited
Turnover stability	Unstable	Turnover depends on school activities

Support for MBG continuation	Not strong	MSMEs have not yet felt clear benefits
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Overall, the findings show that the impact of the MBG Program on MSMEs is strongly influenced by the type of product sold and the characteristics of each business. MSMEs engaged in heavy-meal food tend to experience a decline in customers and income, whereas MSMEs selling beverages and light snacks tend to obtain more positive impacts. This confirms that the impact of MBG is not homogeneous, highlighting the need for a more adaptive and inclusive policy design so that economic benefits can be distributed more evenly.

### 3. The Impact of the MBG Program on Parents

Based on the questionnaire results from 5 parents/guardians, the economic benefits of the MBG Program have not yet been strongly and evenly felt at the household level. The reduction in education expenses, fulfillment of children's school needs, and allocation of funds for other household necessities remain in the neutral to weak category. Monthly financial pressure is still experienced by most respondents. Nevertheless, some parents stated that MBG helps their children become more focused on learning and slightly opens opportunities to participate in additional activities such as extracurricular programs. However, in general, MBG has not yet been able to provide significant savings in household expenditure.

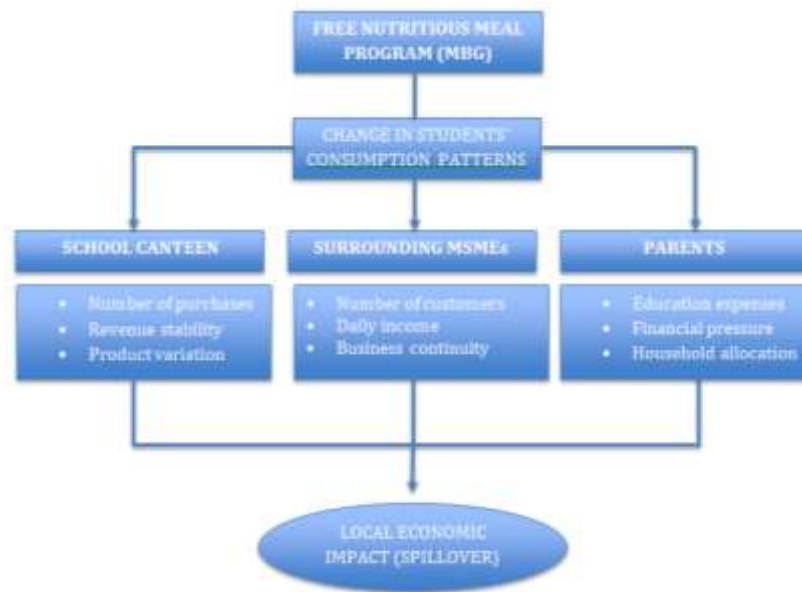
**Table 3.**  
**Summary of Questionnaire Results on the MBG Program's Impact on Parents.**

Observed Aspect	Trend	Economic Meaning
Education cost burden	Neutral–negative	Expenditures have not decreased significantly
Fulfillment of school needs	Not assisted	Costs are still borne by parents
Household fund allocation	Unchanged	No real savings occur
Student learning focus	Neutral	Economic impact not yet strong
Dropout prevention	Neutral	Not the main sustainability factor
Participation in additional activities	Slightly increasing	Some children have more opportunities
Monthly financial pressure	Still experienced	Economic burden has not significantly decreased
Stability of MBG benefits	Inconsistent	Benefits are not yet sustainable
Support for MBG	Neutral	Confidence in economic impact is still limited

In theory, MBG has the potential to create a budget reallocation effect, namely the shifting of consumption expenditure toward other more productive needs. However, the results of this study indicate that this effect has

not yet emerged significantly. Therefore, the hypothesis that MBG can reduce household expenditure burdens and improve family economic welfare has not been fully proven.

The synthesis of the research results shows that the economic impact of the MBG Program on school canteens, MSMEs, and parents/guardians remains weak and uneven. MBG demonstrates stronger social and nutritional impacts, while direct economic spillover effects are still limited. In canteens and MSMEs, changes in consumption patterns occur without being followed by a significant increase in income, while at the household level, expenditure relief remains minimal. Thus, overall, it can be concluded that MBG has not yet fully functioned as a driver of the local economy, but remains predominantly a social intervention program in the field of nutrition fulfillment



**Figure 1**  
**Structural Model**

#### 4. Conclusion

The MBG program has resulted in significant financial savings for parents and improved student nutritional intake. However, it has also directly led to an average 40-50% decline in revenue for school canteen MSMEs due to the loss of purchasing power for student snacks. The government faces a resource allocation dilemma: meeting nutritional/social goals versus maintaining microeconomic stability within the school environment. The sustainability of canteen MSMEs (managed largely by vulnerable groups) is threatened. Mandatory Integration: Require canteen/local MSMEs to become key partners in the MBG food supply chain. Business Diversification: Encourage and train canteen MSMEs to shift their focus to innovative products or serve consumers outside the school environment. Impact assessments are often based solely on anecdotal data or short-term surveys in limited locations. It is difficult to measure the multiplier effect of large-scale MBG procurement on upstream farmers/vendors. Key Point: MBG is successful for the recipients (students/parents), but has a direct negative impact on the small-scale vendor ecosystem within schools. The solution lies in integrating MSMEs into the program's procurement structure.

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