

## Acceleration Of Msmes (Micro, Small And Medium Enterprises) In The Role Of Expanding Economic Growth In Indonesia

Anggia Ramadhan<sup>1</sup>, Lic.Rer.Reg. Sirojuzilam<sup>2</sup>, M. Syafii<sup>3</sup>

<sup>1,2,3</sup>Universitas Sumatera Utara, Medan, North Sumatera, Indonesia

Article Info	ABSTRACT
<b>Keywords:</b> MSMEs, acceleration, economic growth, digitalization, financing,	MSMEs (Micro, Small, and Medium Enterprises) play a strategic role in supporting Indonesia's economic growth, both through their contribution to GDP, employment absorption, and expansion of domestic and international markets. This study aims to analyze the acceleration of MSMEs in the expansion of national economic growth, with a focus on key factors that influence the ability of MSMEs to grow, innovate, and compete in the global market. This research approach uses a mixed method, involving quantitative analysis of secondary data from the Central Statistics Agency (BPS) and the Ministry of Cooperatives and MSMEs, as well as in-depth interviews with MSME actors in various sectors. The results of the study show that MSME acceleration is influenced by three main factors: business digitalization, access to financing, and improving human resource skills. The implementation of digital technology has been proven to increase operational efficiency and expand market access, both locally and internationally. However, obstacles such as low digital literacy, limited capital, and suboptimal regulations are still major challenges. This study recommends strengthening policies that support MSME digitalization, providing inclusive access to financing, and more focused entrepreneurship training and education. With targeted acceleration, MSMEs have great potential to become the main driving force of Indonesia's sustainable and inclusive economic growth.
This is an open access article under the <a href="https://creativecommons.org/licenses/by-nc/4.0/">CC BY-NC</a> license	<b>Corresponding Author:</b> Anggia Ramadhan Universitas Sumatera Utara, Medan, North Sumatera, Indonesia <a href="mailto:Ramadhan.anggia@yahoo.com">Ramadhan.anggia@yahoo.com</a>



### INTRODUCTION

MSMEs (Micro, Small, and Medium Enterprises) are the backbone of the Indonesian economy, contributing around 60% of the national Gross Domestic Product (GDP) and more than 97% of total employment. In the context of economic growth, MSMEs have a vital role in creating an inclusive business ecosystem, empowering local communities, and supporting national economic stability. However, amidst increasingly fierce global competition, MSMEs in Indonesia face various challenges that hinder their acceleration and expansion, especially in terms of access to financing, technology, and international markets.

Along with the development of technology and digitalization, great opportunities are open for MSMEs to expand their market reach. Digital platforms, e-commerce, and financial technology have changed the way MSMEs operate, allowing them to compete in a wider market with higher efficiency. However, the adoption of this technology is still uneven,

especially among micro and small MSMEs that have limitations in digital literacy and supporting infrastructure.

In addition, government policies in supporting MSMEs have shown significant developments, such as the provision of People's Business Credit (KUR) funds, entrepreneurship training, and the Go-Digital MSME initiative. However, the effectiveness of these policies still requires further evaluation to ensure that they truly support the acceleration of MSME growth on a wider scale.

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The rapid changes in the world economy as part of the flow of globalization have led to intense competition, so that high competitiveness is needed so that Indonesian small and medium enterprises (SMEs) can survive in the competition. One way to increase the competitiveness of MSMEs is to differentiate products. Product differentiation is all activities carried out by an entrepreneur or market player to create a difference that aims to provide added value to consumers.

Differentiation can be done by creating different products, providing different services, or creating a unique product image that is different from other competitors. The benefits obtained by MSMEs from the differentiation strategy include finished products that are easier for consumers to remember, have relative advantages over competitors, higher product selling prices, overcoming market saturation and helping to create a product image. However, the problem is that not a few local MSMEs fail to achieve market enthusiasm because their products are considered less unique or are not considered original creations (Yustiani, 2019). Some MSMEs are still confused about implementing or applying the concept of creating differentiation. In fact, if only they were willing to implement and apply it well, it would help their business to grow and progress.

Product differentiation based on value propositions given to customer segments as a medium to differentiate themselves from competitors. Value proposition and customer segment are part of the nine elements of the popular business model canvas used by companies as the backbone of their strategy. The business model canvas created by Alexander Osterwalder has the advantage of explaining the implementation of the company's strategy simply and precisely so that companies can find out if they are on the right track (Wilza, 2017). By considering the conditions above, the PKM team of the Kalbis Institute of Technology and Business, conducted a Community Service (PKM) activity with the aim of developing the Abidin Mosque Coffee Booth UKM business using the Business Model Canvas Method.

Basically, introduction and education about differentiation need to be carried out for UKM business actors through training and guidance, which is expected to increase the competitiveness of UKM. This study aims to analyze the acceleration of MSMEs in their role as drivers of economic growth expansion in Indonesia. By understanding the supporting and inhibiting factors in the acceleration process, this study is expected to provide relevant recommendations to accelerate the transformation of MSMEs into a more competitive and sustainable sector in the era of globalization.

## Literature Review

### Strategy and Development of SMEs

Strategic Management is defined as a framework or plan that integrates the goals, policies and actions or programs of an organization (Oktarinas, 2008). In addition, strategy is also interpreted as a plan about what an organization wants to achieve in the future and how to achieve the desired state. In line with the opinion above according to David (Rosyadi, 2013). strategy is a way to achieve goals and determine long-term competitive advantage.

In addition, (Umar, 2002). states that strategy is the process of determining the plans of top leaders who focus on the long-term goals of the organization, accompanied by the preparation of a method or effort on how to achieve these goals. The purpose of a strategy is to maintain or achieve a position of advantage compared to competitors.

SMEs 4.0 are beginning to recognize advances in computerization, artificial intelligence, robotics, and material science that can accelerate the shift towards more environmentally friendly products of all types. Prepare yourself for the development of new energy technologies that can create cheap, abundant, and sustainable resources. The scale and breadth of technological innovation is revolutionizing the way SMEs 4.0 do business. SMEs 4.0 are beginning to explore how the Industrial Revolution 4.0 can affect individuals and society. However, SMEs 4.0 can take the first step first to create major changes in business.

### People's Economy

Economics is a science that manages all resources, both human and natural, with rare categories for the purpose of efficiency and effectiveness (Samuelson, 2005). The people are a collection of most individuals with relatively the same economic diversity (Benu, 2002), while the people are everything that involves the people or the public or many people.

(Mubyarto, 2000). Prof. Mubyarto from UGM and Adi Sasono, former Minister of UMKM President Habibie, agreed that the term people's economy means an effort to empower (groups or units) of the economy that dominates the structure of the business world managed by and for a group of people (the people).

A free translation of the people's economy in Indonesia is a large unity of individual economic actors with simple types of business activities, business management that is not yet systematic and a form of personal business ownership. The legal basis for this people's economy is in the National Development Program (Propenas) Law No. 25 of 2000.

The people's economy grows naturally because of a number of economic potentials around it. Initially they grew without any incentives or in other words only relying on entrepreneurial instincts and the abundance of natural resources, human resources, and market opportunities. However, when the Indonesian economy was hit by a monetary crisis starting in mid-1997, it was proven that the people's economy that did not rely on the monetary system, especially on the US \$, most of these people's businesses were able to survive and continue their efforts until now. However, often this people's economy is not given enough room to move by the monopoly system, is narrowed, completely suppressed and extinguished (Soekarno, Indonesia Menggugat, 1930:31). If we refer to the Pancasila as the foundation of the state or to the provisions of article 33 of the 1945 Constitution, then there is indeed the word people's but it must not be used as just an adjective meaning popular.

The word people's economy as stated in the 4th principle of Pancasila must be written in full, namely people's economy led by the wisdom of deliberation or representation, which means none other than Indonesian democracy. So people's economy is a democratic economic (system). The definition of economic democracy or a democratic economic (system) is fully contained in the explanation of article 33 of the 1945 Constitution which reads: "Production is carried out by all for all under the leadership or supervision of members of society.

The prosperity of society is prioritized, not the prosperity of an individual. Therefore, the economy is structured as a joint venture based on the principle of family. The company that is in accordance with that is a cooperative. The economy is based on economic democracy, prosperity for all. Therefore, branches of production that are important to the state and that control the lives of many people must be controlled by the state.

Otherwise, the reins of production fall into the hands of those in power and the people who are oppressed. Only companies that do not control the lives of many people may be in the hands of an individual. The earth and water and the natural resources contained in the earth are the mainstays of the people's prosperity. Therefore, it must be controlled by the state and used for the greatest prosperity of the people.

The results of Laica Marzuki's research (Unhas, 2004). explains that the people's economy today is an economic system based on the economic strength of the people, where the people's economy itself is an economic activity carried out by the majority of people who independently manage any economic resources that can be cultivated, hereinafter referred to as micro, small and medium enterprises (MSMEs). Therefore, the

people's economy is worth fighting for and continuing to be developed. This people's economic system is an empowering concept. However, that is not enough, there must be another theory that can support or become a derivative that can be compromised. So the author proposes the theory of creative economy as its derivative.

### **Development of Creative Economy**

Economy is a human activity to manifest something in various forms. Not only in the form of money, in ancient times it was famous for the barter system because in the past there was no higher education and tight competition. So our ancestors in the life of society there was little friction. Today in its development the economy has metamorphosed, in the world of economics there are several posts that have their respective roles and make the economy very complex, and very vulnerable to fraudulent practices both from the economy and the government itself. In 2015, the world economy experienced a downturn due to the superpower United States experiencing racist riots for the past 6 months, and massive layoffs.

The superpower of the United States is thanks to political, cultural and economic aggression towards developing and poor countries. Developing countries themselves are around 60% in Asia-Africa which means a wet market for producers, namely developed countries in the last 15 years, especially the US. The creative economy is a branch of the economy that in the last 40 years has been greatly encouraged and has become the concern of state or national leaders. Because the creative economy was not born suddenly but because of the French revolution and the rampant capitalist system. Creativity itself comes from something simple, and the materials used are already around it. Such as: garbage banks.

The term Creative Economy was first introduced by a figure named John Howkins, author of the book "Creative Economy, How People Make Money from Ideas". John Howkins is a multi-professional. Apart from being a filmmaker from England, he is also active in voicing the creative economy to the British government so that he is involved in many discussions on the formation of creative economic policies among European governments.

According to Howkins' definition, the Creative Economy is an economic activity where the input and output are Ideas. That's right, the essence of creativity is ideas. Imagine that with just the capital of ideas, a creative person can earn a very decent income. What kind of ideas are meant? Namely ideas that are original and can be protected by IPR. Examples are singers, movie stars, or microbiology researchers who are researching superior rice varieties that have never been created before (Nenny, 2018).

The elements in the basic economy itself have several, including: 1) Goods, 2) People, and 3) Contracts. Goods here have 2 dimensions, namely goods that will be exchanged / bartered as in ancient times and are now replaced with money as a barometer of goods that have value in exchanging daily necessities, both primary, secondary, and tertiary.

The factors of the economic elements, namely people and contracts, are more urgent than goods. It is known that this person factor has accompanying variables, both educational background and culture. In conventional economics and creative economics, there is no significant difference, what is striking is that the emphasis of the creative

economy starts from simple things, goods that are easy to obtain and are sparked by radical thinking about a problem faced by a person or group in their place of residence.

There is nothing surprising about the creative economy, the only difference is that it emerged in the 1970s as a result of the French revolution and World War II, many experts accuse the creative economy of being just a cover to cover up the dark history that accompanies the two events. Many inequalities, deviations and unexpected things arise after the conflict. The development of the creative economy is basically the same as the regular economy, but the creative economy emphasizes the products of local wisdom that exist in a place as a treasure of knowledge and as an icon of the place that attracts tourists both domestic and foreign. The creative economy itself in Indonesia has been regulated in such a way and is directly protected by the government both from the legislative and executive ranks and the judiciary.

## METHOD

In this study, the author uses a descriptive qualitative research method, namely the data collected is in the form of words, pictures, not numbers. According to Bogdan and Taylor, as quoted by Moleong, qualitative research is a research procedure that produces descriptive data in the form of written or spoken words from people and observed behaviour. Meanwhile, descriptive research is a form of research aimed at describing or depicting existing phenomena, both natural phenomena and human engineering. The purpose of descriptive research is to make systematic, factual, and accurate observations regarding the facts and characteristics of a particular population or area.

The population is in a generalization area consisting of objects/subjects that have certain qualities and characteristics determined by the researcher to be studied and then conclusions drawn. The sample selected using the purposive sampling method is one of the techniques in determining samples that uses certain considerations in selecting samples. According to Sugiyono (2008). the definition is: a technique for determining research samples with certain considerations that aim to make the data obtained later more representative. The sample taken was 8 (eight) people, who held positions as: Director, Manager, Supervisor, finance, and marketing.

## RESULT

### Identification of Company Strengths and Weaknesses

The results of interviews with respondents can identify business strengths and weaknesses which are divided into five dimensions (management, finance, production, human resources, and market). Identification of company strengths and weaknesses is based on the results of the internal environmental analysis conducted on the company. Based on this analysis, several internal factors were obtained which are the company's strengths and weaknesses. The internal factors which are the company's strengths and weaknesses are as follows:

#### Strengths (S)

The results of the company's internal factor analysis show several strength factors, including: (a) The company's internal coordination is carried out well, (b) Own capital, (c)

Strategic business location, (d) Competitive product prices, (e) Products have complete permits and packaging attributes, (f) Skilled and disciplined workers, (g) Good relations with customers.

### Weaknesses (W)

In addition to several strength components, the Abidin Mosque Coffee business has several weaknesses, including: (a) Still using a manual management information system, (b) Limited coffee processing equipment owned, (c) The types of products produced are still lacking (d) Still lacking in the number of workers, (e) Lack of promotion, (f) Distribution networks that are not yet extensive, (g) Limited innovation in science and technology

**Table 1.** Strengths and Weaknesses of the Mosque Coffee Business

No.	Internal	Strength W	Weakness
1	Management	Coordination internal manager and owner well implemented	Still use system information manual management
2	Finance	Joint Capital	Funds what Not yet Enough for create a type that other
3	Quantity	Competitive Product Prices	Type product Which produced Still limited
4	Human Resources	Power Work skilled and discipline	Still lack of number of workers
5	Marketing	Good relationship with customer	Lack of promotion and distribution network that not yet extensive
6	Study and Development	Very easy For investigated	Limited innovation science and technology

### Identification of Company Opportunity and Threat Factors

This identification is based on the results of the external environmental analysis conducted on the company. Based on the analysis, several external strategy factors of the company were obtained which are opportunities and threats to the company.

#### a. Opportunity (O)

The external factors that are opportunities for the company include the following: (a) The market share for processed coffee is still large, (b) The growing trend of drinking Arabica coffee among the public, (c) Arabica coffee farming is increasingly in demand, (d) Having agreements with suppliers, (e) Developments in information technology.

#### b. Threat (T)

The external factors that pose a threat to Kampung Kupi include: (a) Changes in people's lifestyles, (b) Competition from similar businesses, (d) Prices of substitute products are cheaper and widely available in the market, (e) Increases in the price of raw materials from suppliers, (f) Buyers switching to other places.

**Table 2.** Factors of Opportunities and Threats for Mosque Coffee Business

No	External	Opportunity	Threat
1	Economy	Share market coffee processed Still very big	The competition is very tight
2	Socio-cultural	The development tren drink arabica coffee in community circles	Change of pattern life public
3	Industrial Environment	Coffee farming Arabica increasingly in demand	Many types product Arabica coffee that has been created
4	Competition Between Industry	Development Technology	Competition business similar

### Internal Factor Evaluation (IFAS Matrix)

The factors analyzed are the internal strategy factors of the Abidin Mosque Coffee business which consist of weight values, rating scores of the strengths and weaknesses of the Abidin Mosque Coffee business. As shown in Table 4.3 below:

**Table 3.** Internal Factor Analysis Strategy (IFAS) Matrix for Mosque Coffee Business

Internal Strategy	Internal strategy factors	Weight	Rating	Mark
Strength (strength)	S1 Internal conditions are well implemented	0.07	3.33	0.23
	S2 Strategic business location	0.08	3.33	0.27
	S3 Adequate raw material conditions	0.07	2.67	0.19
	S4 Good relationship with customers	0.08	3	0.24
	S5 The product has the required permits and packaging attributes.	0.09	3.67	0.33
	S6 Availability of sufficient capital	0.07	2.33	0.16
	S7 Stable product quality Amount	0.07	3	0.21 1.63
Weakness	W1 The types of products produced are still lacking	0.07	3	0.21
	W2 Limited availability of coffee processing machines & equipment	0.07	2.67	0.19
	W3 There is still a shortage of workers	0.07	3.33	0.23
	W4 Limited innovation in science and technology	0.07	2.33	0.16
	W5 Lack of innovation	0.07	2.67	0.19
	W6 Untidy administrative records	0.05	2	0.1
	W7 Distribution network is not yet extensive Amount	0.06	3.33	0.2 1.28
	Total	1		2.91



Based on Table 3 above, it can be seen that the results of the IFAS (Internal Analysis Summary) matrix calculation show that the total value of internal factors is 2.91 with a strength value of 1.63 and a weakness value of 1.28. This shows that the internal position of the Arabica coffee processing business can utilize its strengths and overcome its internal weaknesses.

## CONCLUSION

Based on the results of the analysis and discussion of the Strategy for Developing Business Partnership Relations at Kopi Masjid Abidin, the author can draw the following conclusions: Internal factors of the coffee processing business of the Abidin Mosque Coffee business are strengths and weaknesses. Strengths consist of Good internal company coordination, Strategic business location, Adequate procurement of raw materials, Good relationships with customers, Products have complete permits and packaging attributes, Availability of sufficient capital, Stable product quality while weaknesses consist of The types of products produced are still lacking, Limited coffee processing machines and equipment owned, Still lacking in the number of workers, Limited innovation in science and technology, Lack of intensive promotion, Untidy administrative records, Distribution networks that are not yet extensive. External factors of the Arabica coffee processing business of Kopi Masjid Abidin are opportunities and threats. Opportunities consist of a large market share of processed coffee, the growing trend of drinking Arabica coffee among the community, the development of information technology, cooperation with local farmers is getting bigger, farming businesses are getting more popular, large domestic and global market demand, having agreements with suppliers, while threats consist of changes in people's lifestyles, competition from similar businesses, fluctuating raw material prices, the potential for new competitors to enter, suppliers of raw materials that are not fixed, fluctuations in raw material nutrients in the market, increases in raw materials from suppliers. The priority strategies that can be applied in developing the small and medium industry of the Mosque Coffee Outlet based on the QSP matrix analysis are improving production facilities and infrastructure, and human resources and capital investment are further developed with support from the government.

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