

The Potential of MSMEs in Achieving the SDGs Towards Megatrend 2045

Tiyas Ayuningrum Anggita Putri Perdani^{1*}, Shabrina Nuril Izzah², Nur Faizah Safitri Ramadhani³,
Mustika Nawang Wulan⁴

¹²³⁴University of Nahdlatul Ulama Purwokerto, Indonesia

*Corresponding Author: Tiyas Ayuningrum

E-mail: taa.perdani@unupurwokerto.ac.id

Abstract

MSMEs (Micro, Small, and Medium Enterprises) play a crucial role in Indonesia's economy, particularly in supporting economic growth at both the local and national levels. Indonesia is a country where MSMEs have experienced significant changes, and it is projected that in the next twenty years, major transformations will occur. This is evident from the estimate that by 2045, the global middle-income class will increase by 4.9 billion. This paper aims to analyze, and provide an evaluation of the economic potential of MSMEs that contribute to economic development on both a local and national scale. Additionally, these MSMEs support the achievement of the SDGs by helping to reduce poverty, create sustainable economic development, and improve the welfare of local communities. This study applies a qualitative method with a descriptive approach, and the data is analyzed using SWOT analysis techniques. Data were collected from various sources, including journals, books, papers, and other supporting data accessed through online platforms. The research results show that first, MSMEs support the local economy, create jobs, and help reduce poverty. Second, gender equality which is strengthened through education and training, supporting women's empowerment and SDGs 2045. This is expected to improve the quality of human resources to become more self-reliant. Lastly, collaboration between the government and the private sector strengthens the position of MSMEs in both national and international markets. Overall, these MSMEs have great potential with competitive and sustainable qualities, and they contribute to the achievement of SDGs and the Megatrend 2045.

Keywords: *MSMEs, SDG's, Networking Management*

1. Introduction

Sustainable Development Goals (SDGs) are development efforts that ensure sustainable improvement of people's economic welfare, maintain the sustainability of social life, preserve environmental quality, and ensure justice and good governance. This goal aims to ensure that improvements in quality of life can continue from one generation to the next [1].

Achieving the SDGs target is the main focus in national development, which requires synergy of planning policies at the national, provincial, and district/city levels. In addition, support from various parties is also needed so that the goals set can be achieved. One aspect that can influence national development is in the economic sector, especially in the field of Micro, Small and Medium Enterprises (MSMEs).

On a global scale, the Sustainable Development Goals (SDGs) have become a guideline for countries, including Indonesia, in formulating sustainable development policies. One of the relevant targets is to encourage inclusive and sustainable economic growth and increase the competitiveness of MSMEs. On the other hand, Megatrend 2045 refers to the projection of major changes that are expected to occur in the coming decades in the economic, social, and environmental fields.

Megatrends are major shifts in style that impact a broad range of areas. In other words, megatrends are trends with significant, wide-reaching effects. Megatrends can also be defined as large-scale changes in social, economic, political, and technological aspects that develop gradually and, once established, have lasting impacts. In 2045, these megatrends include several things, such as global demographics, urbanization, technological advancement, competition for natural resources, and climate change. These developments are related to the 17 sustainable development goals (SDGs).

In megatrends, it is seen that each country needs to take action supported by the right strategy when determining policies, with the aim of being able to survive and adapt to the sovereignty of each country, especially in the economic aspect. Indonesia is one of the countries that still needs to struggle and commit harder. This is due to the economic conditions that are still fluctuating every year (not yet stable), as well as the low ability and skills of the workforce when compared to other countries.

Empirically, Indonesia is a country with MSMEs that have experienced significant development and are expected to experience major changes in the next two decades. This can be seen from the projection that the number of the global middle income class will increase to 4.9 billion by 2045. With this increase, it is expected to be able to encourage the entry of goods and services [4].

It is essential to understand that MSMEs have an important role in advancing the community's economy, for example by driving the regional economy through creativity and product development, ranging from various processed foods, regional crafts, to high-value product innovations. One of the areas with the largest number of MSMEs is Banyumas Regency, reaching 84,350 MSMEs [3]. The number of MSMEs in the Processing Industry sector reached 12,715 MSMEs, which means that the processing industry reaches 15% of all MSMEs in Banyumas Regency [10].

Banyumas Regency is known for its various types of MSMEs, one of the MSMEs that has been established for a long time is Sandal Bandol since the 1970s. Sandal Bandol is one of the MSMEs that produces sandals made from used tire rubber, which is located in Pasir Kidul Village, West Purwokerto. Sandal Bandol marketing has covered most of the regions in Indonesia such as Java, Makassar, Riau and many more. Sandal Bandol has a quality that can be compared to other famous brands, but is able to compete in terms of price because the price is relatively cheap. Sandal Bandol has become one of the icons in the city of Banyumas, as evidenced by the creation of the Bandol Ornamental Monument as a sign of the Bandol Sandals production area.

Strategy after strategy has been implemented by the local government to support the sustainability of the Bandol Sandals MSME. One approach involves training in production and marketing to help Bandol Sandals MSME reach international market. The Banyumas Regency Government also strives to increase the visibility of Sandal Bandol in both local and international markets by offering support in marketing strategies [11].

This study focuses on exploring the potential of Sandal Bandol MSMEs as economic supporters who play a role in achieving SDGs, especially in the context of Megatrend 2045. Through this study, it is hoped that deeper insights can be obtained into the role of Sandal Bandol MSMEs in supporting sustainable development and strategic efforts that can be made to increase the contribution of these MSMEs in facing the upcoming global changes.

2. Method

This study uses a qualitative method with a descriptive approach. In the data collection process, the author collects various information related to the topics discussed through online platforms, such as journals, books, and papers, as well as other supporting data, so that it can be used optimally as a consideration [9].

The next step is to conduct data analysis using SWOT, which functions to understand internal and external conditions or situations related to certain issues. Marketing function management begins with conducting a comprehensive analysis of the Company's situation [7]. SWOT analysis is the process of systematically identifying various factors in order to develop a Company strategy. This analysis is based on logic that seeks to maximize strengths (Strengths) and opportunities (Opportunities), while simultaneously minimizing weaknesses (Weaknesses) and threats (Threats). Therefore, strategic planning needs to consider the company's strategic factors (SWOT) according to current conditions. Through this analysis, the author can identify and evaluate the factors that affect the Bandol Sandals MSME.

In line with the opinion [9], Data analysis techniques are a systematic process for compiling and selecting data obtained from searches through online platforms, by grouping data according to their fields and determining which are relevant and important to study. This process ends at the stage of drawing conclusions to provide understanding to others. In qualitative analysis, there are three main stages: data reduction, data presentation, and drawing conclusions.

Data reduction is summarizing, selecting the main points, focusing on important things that are in accordance with the research topic, looking for themes and patterns, ultimately providing a clearer picture and making it easier to collect further data [9]. Note, for those who are just starting the data reduction process, it is advisable to discuss with someone who has expertise in the field. This discussion will provide broader knowledge and insight, so that it can help in reducing data that has innovative value and allows development based on relevant theories.

The next step is to present the data by categorizing it according to its respective needs and functions, through organizing the information that has been collected and making decisions. Thus, to solve the problem in our research we can analyze and criticize the data that has been collected. In this case, the author uses a descriptive analysis method, which is a way to report data by providing a description and classifying and interpreting the data obtained in real terms so that conclusions can be drawn. Technically, the author made several efforts, one of which was by collecting data and information through online platforms such as journals, books, e-books, and the like regarding the development strategy of Bandol Sandals MSME to improve the economic welfare of the local community. The following is a research method scheme [9].

3. Results and Discussion

3.1.Data Analysis

SWOT analysis in supporting the economic development of the Banyumas community is presented in the following table:

Strengths	<ul style="list-style-type: none"> - Sandal Bandol has been established for almost 50 years, proving its good quality. Sandal Bandol is also known for its durable or long-lasting products - Despite the high quality, Sandal Bandol are affordable for all levels of society. - The local government is very supportive of Sandal Bandol UMKM (Micro, Small, and Medium Enterprises), which has become an icon of Pasir Kidul village in West Purwokerto. This support includes providing training on product manufacturing using machines.
-----------	--

Weaknesses	<ul style="list-style-type: none"> - The skills and knowledge possessed of business owners and workers are still limited, particularly in managing business types and marketing strategies. This is evident from the many Sandal Bandol businesses that haven't succeeded in increasing the capacity and quality of their resources. - Cooperation between industries is still limited, resulting in low mutual concern as the values of togetherness have not been properly developed. - Additionally, the younger generation within the Sandal Bandol industry shows a lack of attention to cultural preservation, reflected by their limited interest in maintaining and developing the potential of Sandal Bandol.
Opportunities	<ul style="list-style-type: none"> - Public interest in Bandol Sandals remains high. - Bandol sandals use raw materials primarily from shoe and tire waste. By utilizing waste in production, it can reduce the amount of waste produced, while also minimizing the negative environmental impact by using available resources efficiently.
Threats	<ul style="list-style-type: none"> - The development of this industry is hampered by regulations or laws that have not been strictly enforced. - Furthermore, free trade policies in several countries make small and medium-sized businesses concerned about the sustainability of their products in the market.

3.2. Discussion

3.2.1. *The meaning and function of Bandol Sandals*

Bandol Sandals MSME in Banyumas is not merely a small industry, but also represents the economic strength of the local community and its cultural identity. Bandol Sandals, characterized by their simplicity and affordability, reflect the practical yet productive lifestyle of the community. This business serves as symbol of creativity and innovation of the local residents in utilizing available resources to create functional products. The existence of this MSME illustrates the spirit of entrepreneurship and economic independence among small and medium-sized enterprises.

Bandol sandals MSME generates job opportunities for the local community, particularly in the production and sales sectors. It has become a primary or supplementary source of income for many families, especially in the Pasir Kidul village area, West Purwokerto. Furthermore, the existence of the Bandol Sandals MSME also contributes to the regional economy by strengthening the local trade and industry sectors.

Bandol Sandals MSME, which has been established since the 1970s, is one way to strengthen regional identity because Bandol Sandals can introduce the richness of regional culture to the wider community. Through the production of Bandol Sandals, the community is trained to utilize local materials

efficiently and creatively. In facing competition, Bandol Sandals MSME is also required to innovate in design, marketing, and business models to remain relevant in the market.

Overall, Bandol Sandals MSME has an important role in the economic, social, cultural, and educational aspects. This business not only provides financial benefits to the community, but also contributes to strengthening regional identity and creating opportunities for sustainable innovation.

3.2.2. Government Policies that Support Bandol Sandals MSME

The Banyumas Regency Government always strives for the Bandol Sandals MSME to continue to develop for the better, one of which is by providing access to capital through People's Credit (KUR) with low interest, business management and digital marketing training, and assistance to improve product quality. In addition, the government also facilitates the participation of MSMEs in local and national exhibitions, encourages the use of e-commerce platforms, and strengthens the promotion of superior regional products. These efforts aim to increase competitiveness, expand markets, and encourage sustainable regional economic growth.

3.2.3. Correlation between SDG's and Bandol Sandals MSME

Sustainable Development Goals (SDGs) are a series of goals formulated by the United Nations (UN) with a focus on realizing a better life in the future in a sustainable manner for all humanity. SDGs include seventeen goals that are interconnected and support each other to overcome various challenges and problems at the national and international levels [12].

When related to the 8th goal, which emphasizes the importance of creating decent work, encouraging inclusive economic growth, and ensuring that everyone has productive employment opportunities, Bandol Sandals MSME plays a role in providing jobs for local communities, especially for those with limited access to the formal sector. Many business actors and workers are involved in the production, marketing, and distribution of sandals, thereby reducing unemployment.

By driving community-based small businesses, Bandol Sandals MSME encourages economic growth at the local level. Economic activities that occur in the MSMEs sector also increase community income and encourage regional welfare. Bandol Sandals MSME also plays a role in fostering the entrepreneurial spirit of the community. By getting involved in the sandal bandol business, the community can learn business and management skills, thereby creating new business opportunities and strengthening the creative economy sector in Banyumas.

Bandol Sandals MSME offers flexible and accessible work for various groups, including housewives and youth, thus opening up opportunities for groups of people who may have difficulty finding work in the formal sector. Bandol Sandals MSME's activities encourage sustainable economic growth by utilizing local materials and strengthening the domestic market. In addition, if MSME is able to utilize digital marketing and expand the market, its contribution to the regional economy will increase. Through job creation, economic empowerment, and encouraging entrepreneurship, Bandol Sandals MSME is in line with the SDG's Point 8 goals. The development of this MSMEs not only contributes to inclusive economic growth but also ensures that people have access to decent and sustainable work.

3.2.4. Network Governance and Government Management

In theory [9], it is explained that networks tend to be loose institutional or organizational structures, where there is an element of mutual trust between organizations in building cooperative relationships. In network governance, there are concepts that emerge due to the complexity of the decision-making and implementation process [7]. Therefore, when the governance process aims to build

good relationships and cooperation between several related parties, this involves non-state actors, such as civil society, the business sector, and regional institutions. In this effort, each actor is involved in decision making in order to coordinate and produce optimal policies through established regulations.

Next, a strategy is needed to manage government networks based on common interests. There are two strategies that can be applied, namely a network structure that emphasizes legitimacy, dominance, and significance, which aims to provide space and facilitate every relationship process, especially in networking. The second strategy is game management, which focuses on relationships between actors with the aim of uniting the perspectives of all parties involved in decision-making through formal and informal regulations, and can make decisions based on common interests.

Unlike management, which is a process in which someone starts coordinating various activities, management encompasses important factors in achieving goals and objectives. The management process consists of several stages that must be carried out: planning to achieve common welfare, organizing to manage resources systematically, and implementing operational activities according to the prepared plan. Therefore, government management is a discipline focused on the organization and administration of resources, particularly in the public sector, to achieve predetermined goals.

Bandol Sandals is one of the small and medium-sized enterprises that play a vital role in the local economy. In this context, network governance and government management are critical aspects that support the sustainability and development of these MSMEs. The implementation of network governance in Bandol Sandals MSME, can be achieved through collaboration among entrepreneurs, government, non-governmental organizations, and academics to reach common goals.

3.2.5. Strategic Steps for Developing the Potential of Banyumas Bandol Sandals MSME

The Bandol Sandals MSME in Banyumas has great potential to develop, both in terms of production and marketing. Therefore, comprehensive strategic steps are needed to optimize this potential and support its sustainability and competitiveness in the market. The first step in marketing online is: First, using a special website for MSMEs products in Banyumas. Business owners must be consistent in continuing to showcase their products through an online system so that they are better known by the public and the global market. However, this takes quite a long time for the product to win the hearts of consumers. Initially, consumers must have an interest in buying, which then consumers must be made to believe in order to create a sense of satisfaction with the product [3].

An effective marketing strategy is needed to increase the visibility and sales of sandal bandol products. The use of social media and e-commerce platforms can be effective channels to reach a wider market. In addition, it is important to build a strong brand by highlighting the uniqueness and authenticity of sandal bandol, as well as the story behind its production. The use of a website as a promotional tool aims to increase sales turnover by utilizing social media, especially for Sandal Bandol MSMEs [4]. Furthermore, support from the Ministry of Cooperatives, Small and Medium Enterprises helps the marketing of Bandol Sandals take place faster and increase the credibility of the product, so that it is more easily accepted by the public.

The next step that can be implemented is to increase the capacity of human resources is very important, especially for developers of the Bandol Sandal industry, because humans play a role as the driving force that makes decisions in every activity. Business will experience significant progress if the owners and workers have education, motivation, and knowledge of management and the ability to keep up with the times. In addition, creating an effective and efficient business atmosphere can produce a competitive, dynamic, and attractive Bandol Sandals industry for investors to help overcome capital problems that are often faced by small-scale business actors.

With these steps, it is hoped that the Bandol Sandals MSME will succeed in creating an ecosystem that supports the growth of the Bandol Sandals industry, improves the welfare of craftsmen, and strengthens the position of Bandol Sandals in the global market. This collaboration can also improve accessibility and infrastructure with a wider reach. In addition, this has the potential to improve the quality of Bandol Sandal and develop more innovative marketing strategies. However, support from certain parties, such as the local government, is needed to increase market access and production with a wider reach.

4. Conclusion

Bandol Sandals MSME has extraordinary potential as a driver of sustainable economy in line with SDGs goals. By prioritizing environmentally friendly production methods and local raw materials, this MSME not only contributes to environmental preservation, but also creates jobs and improves community welfare. Innovation in the design and marketing of Bandol Sandals products can expand the market reach, both domestically and internationally, thus providing significant added value.

Thus, through these objectives, it is expected to provide a real contribution to the development of the local community economy through Bandol Sandals MSME, as well as support the local economy in realizing the SDGs towards the 2045 megatrend. Therefore, coordination and collaboration from various parties are needed so that these objectives can be achieved optimally. In addition, development and evaluation must be carried out continuously as a consideration in formulating government programs. Through this optimization, it is hoped that the quality of human resources can improve, so that they become more independent with the knowledge gained and contribute to improving the family economy, in order to achieve the SDGs towards the 2045 megatrend.

5. Conflict of Interest

In the study of Sandal Bandol MSME, the researcher stated that there was no conflict of interest that influenced the process or results of this study. The researcher has no personal, professional, or financial affiliation with the MSME owners who are the subjects of the study. In addition, this study was conducted independently without any influence or pressure from external parties, such as sponsors, government agencies, or certain business stakeholders.

This study aims purely to identify the conditions, challenges, and opportunities faced by Sandal Bandol MSME and provide objective recommendations for their business development. Every data collected has been obtained transparently and validly, without any manipulation efforts to support the interests of certain parties. Thus, the results of this study can be relied upon and trusted as a reflection of actual conditions in the field.

6. Acknowledgement

The researcher sincerely expresses his gratitude to all parties who have contributed and supported the implementation of the research on Sandal Bandol MSME. The greatest gratitude to the actors of Sandal Bandol MSME who have been willing to take the time and provide important information during interviews and data collection. Their participation and openness are very helpful in gaining a comprehensive understanding of the conditions, challenges, and opportunities faced.

The researcher also expresses appreciation to fellow lecturers who have provided support, suggestions, and input during the research process. Academic collaboration and constructive discussions are very useful in enriching perspectives and improving the quality of this research. Thanks also to the students who helped in the data collection process and implementation of field activities. Their enthusiasm and cooperation are very meaningful in completing this research well and on time.

The researcher realizes that without the help and support of all parties, this research will not be able to be completed smoothly. Hopefully the results of this study can provide benefits for the

development of Bandol Sandals and provide positive contributions to the academic world and the wider community.

7. References

[1] Annisa Nurfitriana . Pendampingan Keberlangsungan Usaha Umkm Gula Aren Dalam Mendukung Pencapaian Sustainability Development Goals (Sdgs) (Mentoring In The Sustainability Of Palm Sugar Msmes Businesses In Supporting The Achievement Of Sustainability Development Goals (Sdgs)), Jurnal Berdaya Mandiri Volume 5 Nomor 2 Tahun 2023

[2] Dhias. (2023). Pendampingan UMKM Alfa Shoofa Batik Kudus Melalui Pembuatan Media Sosial untuk Meningkatkan Penjualan. Jurnal Pengabdian kepada masyarakat.

[3] Sarfiah, S. N., Atmaja, H. E., & Vrawati, D. M. (2019). UMKM sebagai pilar membangun ekonomi bangsa. Jurnal REP (Riset Ekonomi Pembangunan), 4(2), 137-146.

Book (electronic):

[4] Edi. (2023). Peluang dan Tantangan Indonesia pada Megatrend 2045.

[5] Klijn. (2016). E-H. & Koppenjan, J. (2016). Governance Networks in the Public Sector. London: Routledge.

[6] Klijn. (1995). Managing Networks in the Public Sector: A Theoretical Study of Management Strategies in Policy Networks. Public Administration, 437-454.

[7] Kottler, Philip; Armstrong, Garry. (2008). Prinsip-Prinsip Pemasaran, Jilid 1. Jakarta: Penerbit Erlangga

[8] Rangkuti, Freddy. (1997). Analisis SWOT Teknik Membedah Kasus Bisnis. Jakarta: PT Gramedia Pustaka Utama

[9] Sugiyono. (2017). Metode Penelitian Kualitatif Dan Kuantitatif. Alfabeta

Website homepage:

[10] <http://dinnakerkopukm.banyumaskab.go.id/>

[11] <https://dinkop-umkm.jatengprov.go.id/berita/view/2802>

[12] SDG's. (2023). Advancing the Sustainable Development Goals (SDG's). <https://sdgs.bappenas.go.id/>