



The Role of Micro, Small and Medium Enterprises (MSMEs) In Promoting SDGs in Blitar

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ABSTRACT

Micro, Small and Medium Enterprises (MSMEs) have an important role in the development of the national economy and employment with a proportion of 99.99% of all business actors in Indonesia. In today's digital era, MSMEs are required to be able to take advantage of economic opportunities and increase competitiveness. The writing of this article was conducted to determine the level of development of MSMEs, the development of the SDGs program, and the influence of the role of MSMEs in encouraging the SDGs in Blitar City. The approach used is the concept of Sustainable Development Goals (SDGs) specifically for the City of Blitar. The sample used was 80 respondents randomly / random sampling from the population of MSME actors in the city of Blitar without any age, education, occupation and other specifications due to the limitations of the researcher. The results of the t-test analysis showed that the role of MSMEs in encouraging SDGs in Blitar City obtained results which can be stated that the role of MSMEs variable has a t value of $0.025 < 1.6643$, which means partially the role of MSMEs has no significant effect in encouraging SDGs in Blitar City.

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INTRODUCTION

The changes in the global world are very fast, marked by the rapid growth of the global population. In Indonesia, the population growth rate is approximately 4 million per year. According to the Head of the National Population and Family Planning Agency (BKKBN), Surya Candra Surapaty, admits that the rate of population growth in Indonesia is still very high, reaching 1.49 percent or around 4 million per year (<https://www.bkkbn.go.id/>). However, the rapid rate of population growth has not been matched by adequate fulfillment of economic needs, with many people still living in the poverty line (Septiani et al., 2020). The global world has also highlighted these developments, so that the Sustainable Development Goals (SDGs) program or Sustainable Development Goals pioneered by the United Nations to meet current and future needs to meet their needs towards the conditions of the 2030s will have big implications for a business.

Sustainable development is designed to assist society in solving global challenges. Economic development of a region or a country is basically an interaction of various groups of variables, including human resources, natural resources, capital, technology, and others (Malik, 2019).

The goals set in the SDGs program are improvements to the aims of the previous program, namely the Millennium Development Goals (MDGs). The Indonesian government has succeeded in achieving most of the MDGs targets, namely 49 of the 67 MDGs indicators, but those are still several indicators that have to be continued in the implementation of the SDGs. One of the indicators is the reduction in the poverty rate (Patiung, 2019). If using indicators that define the poor as people who have an income of less than 1 USD per day, around 14% or 30 million Indonesians are categorized as needy (Arianto, 2020; Sonita, 2020). The issue of poverty remains an important issue for developing countries, as well as Indonesia (Ishartono & Raharjo, 2021). According to (Krishnadianty, 2022), the Indonesian government maps out to alleviate poverty in 2024 or 6 years earlier than the end of the SDGs in 2030. Indonesia has made a tremendous effort to achieve the SDGs target with the cultivation of aligning SDGs targets into development programs in the form of action plans at the national and regional levels. Currently, Indonesia is ranked 97 out of 165 in the SDGs index.

In achieving the SDGs goals, besides the role of the government, the role of the business world and industry is also consequential. Generally, the success of businesses and industries in achieving the SDGs is highly dependent on government policies. To support this success, the government can make several efforts, including facilitating partnerships with businesses, conducting outreach, and innovation and encouraging business process efficiency related to SDGs, as well as providing special incentives such as tax breaks for business sectors that implement SDGs (Alfiyah & Arsjah, 2021). The economic development of a country is the most important thing to do for the welfare of the people. One of the things that is a benchmark for development is the reduction in poverty and unemployment (Zuhdiyati & Kaluge, 2017).

Economic development in Indonesia through MSMEs can reflect a sector that has an important role in overcoming poverty, because most of the population has low education and only has small businesses in both traditional and modern sectors (Savitri et al., 2020). The role of small businesses is a priority in every stage of development planning which is managed by the Government through two departments, namely the Ministry of Industry and Trade. Practitioners and researchers believe that MSMEs can be a strong foundation for sustainable development, especially in the economic field and have the potential to export their products (Rosmadi, 2019; Suci, 2017). For MSMEs, an orientation towards business sustainability is only possible if it is related to productivity and profits. To motivate MSMEs to be able to participate in achieving the SDGs goals, the government needs to make policies or create conditions that can reduce potential losses for MSMEs. These losses are possibly caused by creating business decisions that have to balance the resulting results in economic, environmental, and social terms. These conditions can be divided into two factors, namely internal and external factors. The intrinsic element is the choice of an effective business model, while the external factor is the implementation of government programs that support the achievement of the SDGs for MSMEs (Biryukov et al., 2021).

MSMEs actors should be able to support the progress of the SDGs program by using integrated goals and targets because with MSMEs the poor can reach a business without having to spend large capital, besides that it can open up job opportunities for people around them (Panuluh & Fitri, 2015). MSMEs are labor-intensive businesses, do not require certain requirements such as education level, and the use of business capital is relatively small and the technology used tends to be simple (Ananda & Susilowati, 2019). MSMEs can use the SDGs as inspiration in developing product programs and innovations in solving global challenges in meeting human needs. So that MSMEs have an important role in building a sustainable future through business practices for all levels of society through a development plan. Development planning is a form of planning related to efforts to increase economic growth and community welfare (Hariyono, 2010).

Small and Medium Industries recorded at the Department of Trade and Industry of Blitar City in 2016 were 4,745 industries, both formal and informal industries. The largest number of industries is in the food, beverage, and tobacco sub-sector, which is 2840 industries and absorbs about 62 percent of the workforce. The number of workers absorbed by the 4,745 small and medium-sized industrial business units is 5,055 people. This indirectly supports the 2030 SDGs program considering that MSMEs are the economic sector that can absorb the largest workforce in Indonesia (Sudaryanto & Hanim, 2002). The development of MSMEs is expected to be able to compete healthily with large markets during the current free market, supported by better policies such as licensing, technology, structure, management, training, and financing, MSMEs are expected to grow rapidly (Erwandari, 2017). In addition, MSMEs expected to increase people's income, open job opportunities, and prosper society as a whole to create good Indonesian economic stability.

RESEARCH METHOD

The research approach that the researcher uses in this research is descriptive method. Descriptive method is a method in researching the status of a group of people, an object, a set of conditions, a system of thought, or a class of events in the present. The purpose of this descriptive research is to make a systematic, factual and accurate description, picture or painting of the properties, facts and relationships between the phenomena being investigated. Descriptive research method is a research method that seeks to describe and interpret objects in accordance with what is carried out on MSMEs actors in Blitar City without any age, education, occupation, and other specifications with a sample of 80 respondents randomly / random sampling due to the limitations of the researcher. The questionnaire distributed is closed, namely respondents can determine answers through several alternative answers that have been provided so that it can make it easier for respondents to answer questions quickly and can make it easier to analyze data.

The data obtained from the questionnaire responses of MSMEs actors will then be analyzed using quantitative data, to test MSMEs actors in supporting the SDGs in Blitar City. The answers to the questionnaire from MSMEs actors used a Guttman scale questionnaire that used two categories made in the form of choices, namely the choice of "Yes or No". Data analysis techniques consist of Validity Test, Reliability Test, t Test. The validity test was carried out to see which questions were eligible (representative) to be used to represent the independent variables used in the study. The validity test shows the degree of accuracy between the data that actually occurs on the object and the data collected by the researcher. This validity test is carried out to measure whether the data that has been obtained after the research is valid data or not, by using the measuring instrument used (questionnaire). Reliability test is carried out to determine the extent to which the measurement results using the same object will produce the same data. This reliability test is carried out using questions that have been declared valid in the validity test and the reliability will be determined. T_{test} is one of the statistical used to test the truth or falsity the hypothesis which states that between two of mean samples taken randomly from population , there is no significant difference.

RESULTS AND DISCUSSIONS

Result

From the questionnaires or questionnaires that have been given to 80 respondents, the data is obtained as shown in the following table. From the questionnaires obtained, the data were then mapped based on gender, age, education level, and income. From the data obtained, it can then be seen that the majority and minority of respondents are micro, small and medium enterprises (MSMEs) in Blitar city. From these data, the validity test, reliability test, and t-test will be carried

out to find out whether the data obtained are correct and whether the hypothesis in this study is correct.

Table 1. Characteristics of Respondents by Gender

Gender	Total	
	Total	Percentage (%)
Male	48	58,89
Female	32	41,11
Total	80	100

Based on Table 1, it can be seen that the majority of respondents who become MSMEs actors are male respondents, and the minority of respondents are female.

Table 2. Characteristics of Respondents by Age

Age	Total	
	Total	Percentage
18 – 30 years	12	15%
31 – 40 years	19	23%
41 – 50 years	33	41%
More than 50 years	16	21%
Total	80	100%

Based on Table 2, it can be seen that the majority of respondents who are MSMEs actors are respondents aged between 41-50 years, while the minority of respondents who are MSMEs actors are respondents aged between 18-30 years.

Table 3. Characteristics of Respondents by Education Level

Education	Total	
	Total	Percentage
Elementary School	19	1,33%
Junior High School	27	7,33%
Senior High School	31	19,33%
Bachelor	3	58,00%
Total	80	100%

Based on Table 3, it can be seen that based on the level of education, the most respondents or the majority of respondents who become MSMEs actors are respondents with high school education, while the minority of respondents who become MSMEs actors are respondents with S1 education.

Table 4. Characteristics of Respondents by Income

Income	Total	
	Total	Percentage
Rp 500.000 – Rp 1.000.000	17	4,67%
Rp 1.000.000 – Rp 3.000.000	43	61,33%
Rp 3.000.000 – Rp 5.000.000	13	26,67%
More than Rp. 5.000.000	7	7,33%
Total	80	100%

Based on Table 4, it can be seen that the most respondents or the majority of respondents who become MSMEs actors are respondents whose income is between IDR 500,000 – IDR 1,000,000, IDR 1,000,000 – IDR 3,000,000, IDR 3,000,000 – IDR 5,000,000. and more than Rp. 5,000,000.

Validity test is intended to determine how much accuracy and accuracy a measuring instrument performs its measuring function. Validity test as a measuring tool in this study, which uses Pearson's product moment correlation, that is by correlating each question with a total score,

then the results of the correlation are compared with the critical number with a significant level of 5% (Priyatno, 2010). The following in Table 5 presents the results of the validity test:

Table 5. Result of Validity Test

Validity Test		rx _y	t _{count}	t _{table}	Description
PROBLEM ITEMS	X1	0.455	4.510	1.665	Valid
	X2	0.252	2.299	1.665	Valid
	X3	0.055	0.491	1.665	Invalid
	X4	0.261	2.388	1.665	Valid
	X5	0.057	0.503	1.665	Invalid
	X6	0.426	4.156	1.665	Valid
	X7	0.244	2.222	1.665	Valid
	X8	0.212	1.920	1.665	Valid
	X9	-0.007	-0.058	1.665	Invalid
	X10	0.310	2.876	1.665	Valid
	X11	0.310	2.876	1.665	Valid
	X12	0.095	0.842	1.665	Invalid
ITEM SOAL	Y1	0.215	1.942	1.665	Valid
	Y2	0.365	3.461	1.665	Valid
	Y3	0.331	3.102	1.665	Valid
	Y4	0.331	3.101	1.665	Valid
	Y5	0.284	2.614	1.665	Valid
	Y6	0.263	2.411	1.665	Valid
	Y7	0.170	1.527	1.665	Invalid
	Y8	0.277	2.544	1.665	Valid
	Y9	0.277	2.541	1.665	Valid
	Y10	0.117	1.041	1.665	Invalid
	Y11	0.325	3.032	1.665	Valid
	Y12	0.215	1.943	1.665	Valid
	Y13	0.471	4.719	1.665	Valid
	Y14	0.215	1.943	1.665	Valid
	Y15	0.072	0.634	1.665	Invalid
	Y16	0.195	1.754	1.665	Valid
	Y17	0.160	1.435	1.665	Invalid
	Y18	0.041	0.366	1.665	Invalid

Based on table 5 above, there are several items that are not valid because $t_{\text{count}} < t_{\text{table}}$ shown in items X3, X5, X9, X12, Y7, Y10, Y15, Y17 and Y18, so that the data is ignored in this research and 21 data can be stated feasible and can be used as a tool in data collection.

Table 6. Result of Reliability Test

Variable	Cronbach's Alpha	Cut off	N of Item	Description
X	0.619	> 0,6	12	Reliable
Y	0.620	> 0,6	18	Reliable

Based on Table 6, the results of the reliability test above show that the data obtained are reliable because the Cronbach's Alpha values are 0.619 and 0.620 0.60, so the data obtained can be declared reliable or feasible as a tool in data collection.

Table 7. t_{test}

Variable	t _{count}	t _{table}	$\alpha = 5\%$	Description
Role of MSMEs (X)	0,025	< 1,6643	> 0,05	Not Significant

Based on the results of the t-test analysis, the results obtained that the variable role of MSMEs has a t value of $0.025 < 1.6643$, which means that partially the role of MSMEs does not have a significant effect in encouraging SDGs in Blitar City.

Discussion

The results of the coefficient test from the analysis descriptive statistics, showing that the role of MSMEs actors in Blitar City has no significant effect in encouraging SDGs in Blitar City. Research conducted shows that the average entrepreneur starts their business from scratch, so that many face difficulties in developing their business, on average the difficulties experienced are due to limited capital, promotional facilities and infrastructure. The limited capital experienced by business actors because they start only with their own capital and because of the need to make a living every day.

MSMEs actors also experience limitations in marketing their products due to their lack of knowledge in utilizing existing promotional tools or media, such as social media, online marketplaces, and so on. In addition, the level of economic growth in Blitar City is also not too significant, this is offset by the lack of people's purchasing power. The entrepreneurs on average only market their products only in the Blitar city area, and because the business is small it is only limited to serving loyal customer orders.

The level of welfare community in Blitar City is getting a little better, as indicated by the number of people starting to become business actors, becoming producers of opaque gambier, peyek, food sellers, setting up grocery stores, selling online, raising livestock, and so on. Data from respondents shows that many respondents have not attended training on MSMEs held in Blitar City, this is due to the lack of information received by respondents. So from the analysis conducted by researchers, the influence of the role of MSMEs has not been too significant in supporting the SDGs in Blitar City itself.

CONCLUSION

Based on the results of the analysis that has been carried out, it can be concluded that the role of MSMEs has no significant effect in encouraging SDGs in Blitar City. Based on the conclusions above, it can be suggested (1) the Blitar city government should pay more attention to MSMEs actors because many of them are limited in obtaining information, (2) to anticipate the new innovations of large companies, MSMEs need to be closer to the target market and consumers. Build closer relationships with market segments, so that it will benefit MSMEs in product offerings, (3) MSMEs in Blitar City must continue to be supported by the government and the surrounding community to strengthen the welfare of the community. MSMEs in relation to the SDGs can become pillars of creating various products and services needed by the community in order to improve the quality of their living standards.

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