

Analysis of Sustainable Economic Growth Through Strengthening Digitalpreneur Community MSME Actors

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Abstract. Sustainable economic growth is one of the national development goals in Indonesia. Micro, Small, and Medium Enterprises (UMKM) play a crucial role in promoting sustainable economic growth; however, UMKM need to adapt to the developments in digital technology to compete and thrive in the market. The digitalpreneur community consists of UMKM practitioners who leverage digital technology to expand their businesses. This community can provide various benefits to its members, such as access to information and knowledge, business networks, and support for business development. This research employs a qualitative method with a case study approach. Data is gathered through in-depth interviews with informants. Based on the research findings, it is observed that the digitalpreneur community can contribute to sustainable economic growth in several ways, namely: 1) Enhancing the capacity and competitiveness of UMKM. 2) Improving market access. 3) Facilitating collaboration among UMKM.

Keywords: Digitalization, MSMEs (Micro, Small, and Medium Enterprises), Economic Growth

INTRODUCTION

Economic growth is one of the crucial indicators to measure the progress of a country. Sustainable economic growth can bring benefits to society, such as improved well-being, income distribution, and job creation. One sector that can drive sustainable economic growth is Micro, Small, and Medium Enterprises (UMKM). UMKM plays a vital role in the Indonesian economy, contributing significantly to the Gross Domestic Product (GDP), employment absorption, and driving the economic wheels in various regions.

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According to Boediono, "economic growth is the process of increasing per capita output in the long term, emphasizing three aspects: the process, per capita output, and the long term. Here, we observe the dynamic aspect of an economy. Therefore, economic growth measures the performance of the development of an economy. From one period to another, a country's ability to produce goods and services will increase.

In this digital era, UMKM needs to adapt to technological developments to compete and survive in the market. One-way UMKM can achieve this is by joining the digitalpreneur community. The digitalpreneur community consists of UMKM practitioners who utilize digital technology to develop their businesses. This community can provide various benefits to its members, such as access to information and knowledge, business networks, and support for business development.

The role of Micro, Small, and Medium Enterprises (UMKM) has a significant impact on the country's economy, both in terms of employment absorption and innovation in developing their businesses in the national economy. Around 3.79 million micro, small, and medium enterprises (UMKM) have already utilized online platforms to market their products. This constitutes approximately 8 percent of the total UMKM participants in Indonesia, which is 59.2 million. Digital tools will increasingly facilitate UMKM in introducing products, new working methods, marketing, and innovation development. Information development needs to be conducted for easy access by producers, distributors, and consumers, reducing information asymmetry in each sales chain.

Between 2011 and 2016, the Micro, Small, and Medium Enterprises (UMKM) sector in Indonesia experienced significant development, becoming one of the main pillars of the country's economic growth. During this period, UMKM grew into a visible economic force and made a significant contribution to job creation, increasing income for the population, and promoting inclusive and sustainable economic growth.

LITERATURE REVIEW

Digitalization

According to Aagaard (2019), digitalization is the current global megatrend, and companies in various industries are highly aware of the disruptive power of this change. One example of digitalization, as noted by Hiekkänen, Pekkala, and Collin (2015), can

be observed in the media, banking, telecommunications, and insurance industries as pioneering sectors amid large-scale digital transformation.

MSMEs

According to Purba (2019), MSMEs are independent economic activities of small scale managed by community groups, families, or individuals. Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in the Indonesian economy, aiming to enhance independent economic development. Based on Law No. 20 of 2008, MSMEs are established with goals such as achieving a balanced, growing, and just national economic structure; fostering the development of MSMEs into resilient and independent enterprises; and enhancing the role of MSMEs in regional development, job creation, income distribution, economic growth, and poverty alleviation.

Economic Growth

According to Sukirno, economic growth signifies the development of activities in the economy that leads to an increase in the production of goods and services within the society, resulting in increased prosperity. The issue of economic growth can be viewed as a macroeconomic problem in the long term from one period to another (Sukirno, 2011). Meanwhile, according to Lincoln Arsyad, economic growth is defined as an increase in gross domestic product (GDP) or gross national product (GNP), regardless of whether the increase is greater or smaller than the population growth rate, or whether changes in economic structure occur or not (Arsyad, 2010).

RESEARCH METHOD(S)

This research employs a qualitative method with a case study approach. Data is collected through in-depth interviews with key informants, namely, the practitioners of Micro, Small, and Medium Enterprises (UMKM) who are members of the digitalpreneur community.

FINDINGS AND DUSCUSSION

Improving the Capacity and Competitiveness of SMEs

The digitalpreneur community can provide various training and mentoring for its members to enhance the capacity and competitiveness of SMEs. This training and mentoring can cover various aspects, such as business management, digital marketing,

and product development. Productivity is a crucial indicator of SME performance. Productivity levels are influenced by access to productive resources (capital, raw materials, skilled labor, and technology), access to business mentoring, creativity and innovation, the ability to implement standardization and improve product quality, and various issues, including problems related to ineffective government policies in supporting SME development.

Enhancing Market Access

The digitalpreneur community can provide its members with access to a broader market. This can be achieved through various activities, such as exhibitions, digital promotions, and collaboration with other parties. Market share is considered the most important indicator because the essence of competitiveness is market dominance. However, SMEs still face difficulties in maintaining market share due to competition with products from other countries supported by broader promotions, as well as the implementation of product standardization. Issues of public purchasing power also affect the products that can be absorbed in the market. The public can easily switch to cheap imported products, while locally produced high-value-added SME products are not appreciated, resulting in a very limited market share.

Promoting Collaboration Among SMEs

The digitalpreneur community can encourage collaboration among SMEs to enhance competitiveness. This collaboration can take various forms, such as marketing cooperation, production collaboration, and procurement of goods/services.

Here are some actions that can be taken to enhance the role of the digitalpreneur community in promoting sustainable economic growth:

1. The government needs to provide support to the digitalpreneur community to enable them to play a more optimal role. This support can come in the form of funding, training, and mentoring.
2. The digitalpreneur community should develop programs that can benefit its members, such as training initiatives, mentoring programs, and collaborations among SMEs.
3. SME actors should leverage digitalpreneur communities to enhance the capacity and competitiveness of their businesses.

CONCLUSION AND RECOMMENDATION

The digitalpreneur community plays a crucial role in fostering sustainable economic growth. This community can provide various benefits to its members, such as access to information and knowledge, business networks, and support for business development.

To optimize the role of the digitalpreneur community in promoting sustainable economic growth, the government needs to provide support. This support can take the form of funding, training, and mentoring for the digitalpreneur community.

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