

# MSME SUSTAINABILITY DEVELOPMENT BASED ON STAKEHOLDER PARTICIPATORY COLLABORATION AND INDEPENDENT CAMPUS FREEDOM TO LEARN POLICY

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## Abstract

Small, Micro and Medium Enterprises, which were previously regulated by Law number 20 of 2008 concerning MSMEs, are now revitalized by the issuance of Law No. 11 of 2020 concerning Job Creation, whose spirit aims to empower MSMEs by making the interests of MSMEs a priority. provide convenience and protection. The urgency of this research related to the Independent Campus Freedom to Learn Policy is expected to be able to assist the growth of MSME actors as partners, together with relevant stakeholders, as well as the role of researchers, both lecturers and students. This study examines issues related to (1) the ability of MSME actors to develop during the next pandemic period (2) what policies are appropriate to implement; in order to overcome the problems of MSMEs through independent learning activities then used as a pilot project. This research is applied research, using participatory research approach, statute approach, sociological approach and futuristic approach. The results of the study concluded that the collaborative strategy of stakeholder participation and independent campuses. Second, there is a significant influence either partially or simultaneously between registered marks, product designs, halal labels, marketing digitalization, cooperative associations, and MSME associations on the sustainability of MSMEs.

**Keywords:** MSMEs, marketing digitalization, stakeholders.

## INTRODUCTION

Dealing with MSMEs is certainly like carrying a large carriage with a heavy load, some are growing, and some are already established, with a fairly large gap in the level of technological readiness. The quantity of MSME products is not proportional to the quality, it is necessary to develop a new mindset and then be accompanied by empowerment.

Small, Micro and Medium Enterprises, which were previously regulated by Law number 20 of 2008 concerning MSMEs, are now revitalized by the issuance of Law No. 11 of 2020 concerning Job Creation, whose spirit aims to empower MSMEs by making the interests of MSMEs a priority. provide convenience, protection in line with

Cooperatives. Articles 87 to 104 of the Job Creation Law are the Government's goodwill in appointing Indonesian MSMEs. The existence of MSMEs during the pandemic is mostly helpless, surviving becomes the toughness that continues to motivate MSME actors. Especially on a micro and small scale, MSME actors are only able to make a living, transfer products and the rest are out of business.

The urgency of this research related to the Independent Campus Freedom to Learn Policy by Indonesian Ministry Education and Culture, is expected to be able to assist the growth of MSME actors as partners, together with relevant stakeholders, as well as the role of researchers, both lecturers and students. Of course, it is not easy to bring MSMEs to this urgency, it is necessary to carry out continuous

empowerment, promote, protect and advance, it needs to be facilitated, accompanied and set an example. It is necessary to make a model as well as a pilot project with digital transformation and elaborating policies, collaboration between the independent campus program and MSME stakeholders as well as promoting the advantages of product characteristics based on legality and branding. The partners of this research were 91 MSMEs, most of which were sellers of food, beverages and stationery and clothing.

Anxiety about regulatory constraints, partiality, limited capabilities and technological facilitation both in production, marketing, management and how to open export faucets is expected to be a solution with a pilot project. The proposer hopes that this research can help promote and protect and advance Indonesian MSMEs. The Independent Campus Freedom to Learn activities can contribute in two directions, namely devoting knowledge to help MSMEs as well as getting material enrichment, training students' hard skills and soft skills from MSME problems to be discussed in class discussions with students, and being able to provide recommendations to parties related to policies for MSMEs. in the future, and create a model that can be applied as a pilot project for MSMEs in Indonesia.

The literature that discusses the sustainability of MSMEs is mostly on the importance of MSMEs in protecting the environment in ensuring economic sustainability as done by Nawawi, (2003), Rangkuti (2008), Günday, et.al, (2011).

Likewise Chen, Sousa, & He (2016); Büschgens, et.al, (2013); Knicki and Williams (2020) concluded that the sustainability of MSMEs can be started from their competitive advantage in competing in the free market. Other literature as presented by Morgan et al. (2004) the sustainability of MSMEs is closely related to the ability to utilize unique resources. Cassiman & Golovko, (2011); Primatami & Primadhita, (2020); Burhan (2018) the sustainability of MSMEs is very dependent on the efficiency of their performance in

generating profits that can increase the capacity of MSMEs and preserve the environment.

Other literatures such as those produced by Pindyck & Rubinfeld (2014); Yang, et., al (2017), Jelinek (2017), Hui (2013); Glaser (2008); Metharom (2015) states that the sustainability of MSMEs is very dependent on the concern of MSMEs in managing waste, protecting the environment, and maintaining the economic ecosystem.

Based on the background of the problem above, the research question can be formulated as follows.

1. Is the collaborative strategy of stakeholder participation and independent campuses able to increase the sustainability of MSMEs?
2. How are the partial and simultaneous influence of registered marks, product designs, halal labels, marketing digitalization, cooperative associations, and MSME associations on increasing the sustainability of MSMEs?

## **THEORY**

### **MSMEs and Environmental Sustainability**

The literature in the last twenty years shows the importance of sustainable economic development, including development in micro, small and medium enterprises, all of which must pay attention to sustainability aspects, both sustainability for the existence of the earth in the sense of being environmentally friendly, as well as sustainability for the MSME business itself.

Sustainable development, according to Brien and Hamburg (2014), is a strategy in business that adopts various activities that are able to protect, maintain and improve the environment as well as the human resources involved in it. It is important for companies, in this case, MSMEs to ensure that from the selection of raw materials, production processes, to after-sales, the products produced by MSMEs are environmentally friendly and friendly to

humans, so that they do not damage nature and the lives of future generations. The company's sustainability also leads to the company's sustainability in competing with other companies, without having to go out of business because it destroys nature.

Companies that are not environmentally friendly will face opposition from consumers, who in the end boycott the company's products that damage nature instead of supporting environmental sustainability. It is important to measure the progress of a company's transition to being more sustainable, but what is more important is to define and find ways in which the company has the capability to move towards a level of sustainability. Paris & Kates (2003) argues that companies must prepare three basic criteria, first, companies must be sustainable when oriented to seek profit on investment, second, SMEs must pay attention to retained earnings in the context of improving facilities and infrastructure including machines in order to improve performance, third, SMEs must always trying to win the competition so that its existence remains sustainable.

Despite the fact that many MSMEs admit to confusion about what sustainability is and how to implement sustainable measures into MSMEs' daily activities and how to evaluate their benefits (Hill, 2016). Companies must choose quality raw materials that have zero waste. The company must be able to ensure that the production process does not produce hazardous waste. If there is hazardous waste, MSMEs must be sure that the waste can be handled properly. Even after production, the products that have been produced do not become waste for the earth, but can be recycled in the process of cyclical economic activities.

Waste that is discharged into the environment tends to damage ecosystems at different scales in the long term and has the potential to reduce environmental quality (Colyer, 2003). This is not only against the law but also endangers other living things that never take advantage of the existence of the industry that produces the waste.

As long as the company is able to pay attention to the environmental impact on ongoing production, the company must pay attention to the existence of the environment and other living things (Hill, 2016). Even though MSMEs are micro, small and medium scale companies (not large scale), the negative impact on the environment is certain to be significant. Imagine, their number is very large and can even be said to be evenly distributed throughout the world, so that the negative impact on the environment cannot be ignored.

Ciegis & Maartinkus (2009) explained that the current growth theory shows that environmental sustainability is a condition of uninterrupted economic sustainability. When MSMEs fail to protect the environment, it is the same as failing to preserve their economy. Thus the sustainability of the two is something that cannot be separated.

According to Hasna (2007), sustainability is a process that tells the development of all aspects of human life that affect aspects of human income itself. A sustainable environment will result in sustainable income and the opposite applies. Therefore, the steps to achieve sustainability are very important, because this goal is the final goal that cannot be ignored.

#### MSME Sustainability

The role of micro, small and medium enterprises (MSMEs) in Indonesia has been recognized by various circles to assist many people in improving their standard of living and reducing unemployment with all its impacts. However, without realizing it, the activities of economic actors (production, distribution and consumption) of MSMEs with the application of the latest simple technology have caused side effects, namely the production of waste or waste substances that are discharged into the environment. Waste that is discharged into the environment tends to damage ecosystems at different scales in the long term and has the potential to reduce environmental quality (Colyer, 2003). If this is allowed to continue, it will certainly reduce the sustainability of the environment, humans and other living things.

The characteristics of the existence of MSMEs in Indonesia, have a limited product scale without a variety of products, but the impact on the environment in the long term is very significant. Lack of good administration and financial management has become a point of inefficiency for owners and managers in order to help environmental restoration to remain sustainable. Many companies ignore it, as a result they blame big companies, even though their contribution to environmental damage is equal.

It is true, so far many MSMEs are limited in terms of capital, and their efforts to carry on their business are by accessing several banking sectors for financing, and several non-banking institutions to dominate MSME financing assistance that has existed for many years. With limited capital, this is not an excuse for MSMEs not to take care of their environment.

It is also known that another characteristic of MSMEs is the lack of uneven human resource capabilities in terms of technical production. This condition certainly requires special handling and treatment in waste management so that environmental sustainability and company sustainability can be guaranteed.

As it is known that MSMEs are very large in supporting the household and state economy. Vadera & Kulshreshtha (2010) explained that, Micro, Small and Medium Enterprises (MSMEs) have an important role in improving the nation's economy. MSMEs account for 45% of industrial output, 40% of exports, employ over 60 million people, create 1.3 million jobs annually and produce more than 8,000 quality products for both domestic and international markets.

Paris and Ketes (2003) MSMEs cannot be denied a very large contribution to the growth and development of the country's economy. When MSMEs in a country are developed, the economy of that country is certain to be advanced.

Hasna (2007) Micro, Small, and Medium Enterprises, although the amount of investment is small, the number of employees that can be absorbed is very large, it can even be said that

there is no saturation point, regardless of how many workers can be absorbed by MSMEs. Vadera and Kulshreshtha, (2010) also explain that micro, small and medium enterprises are a very urgent division for the development of the nation's economy.

The more MSMEs that develop towards manufacturing and other related sectors, will make MSMEs the core of a country's economic ecosystem. Micro, Small and Medium Enterprises (MSMEs) contribute 6 percent of total GDP, 34 percent of national exports and absorb more than 30 million workers.

## **METHOD**

### **Research Design**

This research is applied research, as well as empowerment research using participatory research approach, statute approach, sociological approach and futuristic approach.

### **Population and sample**

The research subject is the population of all MSME actors, totalling 91 MSMEs with a technology readiness level of 2-4, in Cempaka Putih, Central Jakarta, which is in an association that is not yet a legal entity. The sampling technique used purposive sampling. The sample size of the study was 54 MSMEs which included Food and Beverage MSMEs.

### **Research Instruments**

The instruments used for the survey were developed by researchers with reference to theories, dimensions and indicators. Closed instruments using a Likert scale ranging from "1" do not really need it, to "5" really need it. The instrument used for interviews uses interview guidelines while still referring to theories, dimensions and indicators. The instrument for digging secondary data is by using a check list to check the completeness of the required data.

### **Research Data and data sources**

Sources of data according to type can be described as follows: (1) primary quantitative

data obtained directly from MSME actors through questionnaires; (2) qualitative primary data obtained through interviews, observations and discussions with the team from the association, directly related agencies with an interest in training, YARSI campus, and (3) secondary data from literature, both international journals and other literature.

### Data Analysis

Data analysis is divided into two types of analysis. First, qualitative data derived from interviews were processed qualitatively with four stages of activity, namely data collection, data classification, data reduction, and drawing conclusions.

Second, quantitative data were analyzed in three stages, namely descriptive, bivariate, and multivariate analysis. Bivariate analysis refers to the partial effect of each independent variable on the dependent variable. Multivariate analysis simultaneously analyzes all independent variables on the dependent variable. All quantitative tests using SPSS version 26 statistical software.

## RESULT

Based on the results of an interview with the Chairman of the Cempaka Putih MSME Association JP42 Sukesih (January 5, 2022), that the downturn of MSME actors, among others, partly closed for a while because they chose to return home, could not survive in Jakarta, and some had returned to rise and sell at the end of the year. 2021 to date. Based on the researcher's observations, there were more than 20 kiosks closed during this research period, so that the MSME actors who took the questionnaire were only 54 people out of 91 recorded.

The results of interviews with several MSME actors stated that Herni had fallen by 80%, but was still enthusiastic to survive because of the demands of the family's economic needs, as

well as Atun and his son by relying their lives on *uduk* rice and grilled chicken products, and Nanang stated that while maintaining health protocol, the business is slowly recovering, even though the YARSI campus is not yet active again. Several trainings have been obtained from YARSI lecturers and related institutions such as management, entrepreneurship, finance and quality.

The results of an interview with the head of the industrial and trade implementing unit of the Cempaka Putih Cooperative and MSMEs, Lobo (2-2-2022) stated that his party often provides training to MSMEs and encourages MSME actors to promote via online and offline bazaars. He wants SMEs to advance to class and hopes that the campuses contribute to the training, mentoring and promotion of MSMEs.

The results of the interview with the Vice Chancellor I of YARSI University Wening Sari (22-2-2022) stated that the synergy of independent campus stakeholders with MSMEs: "Institutions can: 1) increase the achievement of Key Performance Indicators (KPI), 2). Students Gain Off-Campus Experience; 3) Lecturers have activities outside the campus; 4) Practitioners Teach On-Campus; 5) Lecturer's Work is Used by the Community."

The statement above can be understood that, this kind of activity can accelerate the main campus performance indicators in the form of students getting experience outside the campus, lecturers have activities outside the campus so that they can enrich the academic content in class, practitioners can also contribute their knowledge on campus, and the results of research and development. the service of lecturers can be utilized by the community.

### Descriptive Analysis

Based on the results of the questionnaire for JP42 Cempaka Putih SMEs, it can be described as follows.

Table 1. *Descriptive Analysis XI-X6*

	X1	X2	X3	X4	5X	X6	
Valid	1.00	2	0	0	3	0	2
	2.00	5	7	0	4	6	4
	3.00	20	13	11	16	13	14
	4.00	18	27	33	22	15	16
	5.00	9	7	10	9	20	18
	Total	54	54	54	54	54	54

Source: The results of the frequency distribution analysis of item no. 1-6

Table 1 column X1 shows that there are 9 people (16.7%) of MSME actors who really have a desire to have a registered trademark, and 18 people (33.3%). If you add up the MSME actors who really have a desire and have a high desire, there are as many as 27 people (50.0%). The remaining 50% have no desire to register their mark

Table 1 column X2 shows that, the number of MSME actors who have an interest in changing their product design to become more attractive to consumers is  $(7 + 27) = 34$  people (63%). This means that more than half of MSME actors have a desire to change their product design to be more attractive. Therefore, it is necessary to provide assistance to improve the product design of MSMEs who are research respondents. In principle, MSME actors are aware of the importance of product design in order to increase consumer interest in the products they produce. There are still 37.0% who need to be given an understanding of the importance of changing product design to make it more attractive to consumers.

Table 1 column X3 informs that the number of MSME actors who have a desire for a halal label is 43 people or 79.6%, the remaining 11 people (20.4%) do not want a halal label. that is, the majority of MSME actors who are respondents in this study really expect their products to have a halal label. This is what needs to get attention from all parties, researchers, NGOs, universities to help them get a halal label, so that the level of consumer confidence in the halalness of their products increases, which in turn has implications for the sustainability of their business.

Table 1 column X4 shows that as many as 31 MSME actors (67.3%) have a desire to have a digital marketing channel (e-commerce). There are only 32.7% who have no interest in e-commerce. This indicates the need for continuous support from all interested parties to assist MSME actors in getting the opportunity and opportunity to have an online store, so that they can market their merchandise in accordance with the development of digital marketing platforms which are increasing day by day.

Table 1 column X5 shows that, several things that can be understood are that the number of MSME actors who are very interested in associations (SME cooperatives) is 64.8%, the remaining 35.2% do not have the desire to form cooperatives. Several things caused them not to be interested in forming cooperatives, because their bonds were patembayan which were very vulnerable to changing places and changing businesses. The level of closeness in their kinship is very weak, they only know faces but rarely know names. They only unite when there is an order or eviction, but very low when it comes to contributions to cover various social needs.

Table 1 column X6 shows that the novelty of research that can be found is the number of MSMEs who are interested in forming MSE associations as many as 34 people (62.9%) and the remaining 37.1% are not interested in forming MSME associations. This means that the majority of MSME actors are very interested in establishing MSME associations, however, there are still a third who are less interested. Those who are not interested include new traders, traders who have no customers, and traders who have a low level of kinship. They fear that there will be various consequences when they become members of MSME associations such as withdrawing

membership fees, association activities, and the obligation to become members of WhatsApp groups, all of which are not desired by some MSME actors.

#### Bivariate Test

Table 2. *Summary of test results R, R<sup>2</sup>, t and Significance*

effect	R	R <sup>2</sup>	t	sign	Order
X1-Y	0,780	0,608	8,983	0,000	First
X2-Y	0,686	0,470	6,790	0,000	Third
X3-Y	0,485	0,235	3,999	0,000	Sixth
X4-Y	0,565	0,319	4,935	0,000	Fourth
X5-Y	0,751	0,564	8,198	0,000	Second
X6-Y	0,565	0,319	4,932	0,000	Fifth

Source Results of data analysis 2022

#### Effect of registered trademark ownership on Sustainability

The results of the X1-Y bivariate test analysis as shown in Table 2 obtained a coefficient of R of 0.780 and R<sup>2</sup> of 0.608 with a t-count coefficient of 8.983 with a significance of 0.000. This means that the ownership of registered marks has an effect on the sustainability of MSMEs. That is, the more registered marks owned by MSME actors, the more opportunities for MSME sustainability to occur. In other words, when MSME actors want to improve their sustainability, the aspect that needs to be pursued is the ownership of registered trademarks. Registered trademarks contribute 60.8% to sustainability, while 39.2% are determined by other variables not included in the model.

#### Effect of Product Design on Sustainability

The results of a simple regression analysis of one X2-Y predictor in Table 2 show that the magnitude of R is 0.686 and R<sup>2</sup> is 0.470 with a t of 3.999 and a significance of 0.000 thus there is a significant influence between product design on the sustainability of MSMEs. The better the product design of MSME actors, the higher the level of consumer interest which in the end is able to increase the purchase intensity which in turn is able to increase the sustainability of MSMEs. Product design variables contributed 47.0% to sustainability, while the remaining 53% was determined by

other variables not included in the research model.

#### Effect of Halal Label on Sustainability

The results of the X3-Y regression analysis in Table 2 show that the R coefficient is 0.485 with R<sup>2</sup> of 0.235 with t of 0.399 and a significance of 0.000 <0.05. Thus there is a significant influence between the halal label and the sustainability of MSMEs. The more halal products, the higher the chances of MSME sustainability. Halal labels contribute 23.5% to the sustainability of MSME actors.

#### The Effect of Marketing Digitalization on Sustainability

The R coefficient of the influence of marketing digitalization on sustainability (X4-Y) is 0.565 and R<sup>2</sup> is 0.319. With a t of 4.935 and a significance of 0.000. The marketing digitization variable contributes to sustainability by 31.9% while the remaining 68.1% is determined by other variables not examined through this model. When interested parties want to increase the sustainability of MSMEs, the aspect that needs to be improved is the digitalization of marketing.

#### The Influence of the Formation of Associations/Cooperatives on Sustainability

The table above provides an understanding that the R coefficient of the influence of association formation on sustainability (X5-Y) is 0.751 and R<sup>2</sup> is 0.564 with a t of 8.198 and a significance of 0.000. This means that the formation of associations/cooperatives makes a significant contribution to the sustainability of the company. The formation of cooperatives contributed 56.4% while the remaining 43.6% was influenced by other variables that were not included in this study.

#### The influence of the MSME Association on sustainability

Tables 18 and 19 show that the effect of association formation on sustainability (X6-Y) is 0.565 and R<sup>2</sup> is 0.319 with a t count of 4.932 and a significance of 0.000. This means that the formation of MSME associations has a significant effect on the sustainability of

MSMEs. The formation of MSME associations contributed to sustainability by 31.9% and the remaining 68.1% was influenced by other variables that were not included in this study.

The table above shows that the biggest influence on the sustainability of MSME actors is X1-Y (registered brand ownership on sustainability), followed by X5-Y variable (formation of associations/cooperatives on sustainability), the third largest is (X2-Y) product design on sustainability. sustainability. Thus, when interested parties want to improve the sustainability of MSMEs, the aspects that need to be improved first are the ownership of registered brands, the formation of associations/cooperatives, and improvement of product design.

Multivariate Analysis

The results of multivariate analysis analyzing the simultaneous influence of registered brands, product designs, halal labels, digitalization of marketing, cooperative associations, and MSME associations together on sustainability are as follows.

Table 3. *R and R2 multivariate test*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.538 <sup>a</sup>	.289	.199	1564548411.25717

a. *Predictors: (Constant), Desire to get registered mark, Change product design, The desire to have a halal label, Maximizing digitization, Forming an Association, Forming MSME Association*

Table 4. *Multiple Regression Analysis Test*

Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression 4686488417106 0970000.000	6	7810814028510 161900.000	3.191	.010 <sup>b</sup>
	Residual 1150471513648 65000000.000	47	2447811731167 340500.000		
	Total 1619120355359 25970000.000	53			

a. *Dependent Variable: Sustainability*

b. *Predictors: (Constant), Desire to get registered mark, Change product design, The desire to have a halal label, Maximizing digitization, Forming an Association, Forming MSME Association*

Table 5. *Simultaneous t test analysis results*

Model	Unstandardized Coefficients		Standardized Coefficients
	B	Std. Error	Beta
(Constant)	-1402594398.004	1688098876.043	
Desire to get registered mark	-682131767.485	365194253.500	-.392
Change product design	1404874379.257	375821950.311	.703
1 The desire to have a halal label	743599542.360	406285648.657	.268
Maximizing digitization	-157884473.226	241725424.973	-.094
Forming an Association	-226540610.249	347961988.150	-.134
Forming MSME Association	-43458206.267	269141449.153	-.027

Source: 2022 data analysis results

The results of multiple regression analysis obtained the F reg coefficient in Tael 4 of 3.191 with a significance of 0.010 <0.05 so it is significant. There is a joint influence between registered brands, product design, halal labels, digitalization of marketing, cooperative associations, and MSME associations on the sustainability of MSMEs. The regression line

formed through Table 5 is  $Y = 1402594398.0 - 682131767.4X_1 + 1404874379.2 X_2 + 743599542.3X_3 - 157884473.226X_4 - 226540610.2X_5 - 43458206.2X_6 - e$

The R coefficient in Table 3 is 0.538 and R2 is 0.289. That is, simultaneously registered brand variables, product design, halal labels, marketing digitalization, cooperative associations, and MSME associations together



have an influence on the sustainability of MSMEs by 28.9%, and the remaining 71.1 is influenced by other variables that are not included in this research model.

Based on the results of the simultaneous analysis, it can be seen that the simultaneous effect is much smaller than the partial effect, thus, when interested parties want to improve the sustainability of MSMEs, the aspects that need to be improved are better individually

(partial) than simultaneously.

## DISCUSSION

Based on the observations of researchers, these MSMEs trade by producing their own food or drinks, living not too far from them selling around the campus, about 3-5 km, and starting selling from 9 am to 9 pm, most of them are closed on Sundays. It occurred to me to increase the quality but how to do it. don't raise prices, because their market is mostly people and students. Product innovation is also carried out by showing superior products in their area of origin, their uniqueness and always being offered to consumers. they haven't. touched by transaction and banking training, and confused about law enforcement, especially if later involved in a dispute.

In line with the independent campus, the academic community is encouraged to carry out downstream research for the benefit of the wider community. The active participation of lecturers and students not only in learning theory in class in the Independent Campus Freedom to Learn (MBKM) Program is able to give birth to empathy and soft skills and hard skills, then the problems faced by MSME actors are discussed together to find solutions in class. The aim of this program is not only to achieve community empowerment, but also to reach industrial links for the commercialization of lecturer research results. According to the researcher, campus research must be able to solve problems in society and bring progress to the nation, can be applied and commercialized..

Regarding the freedom of learning, Weningsari, Vice Chancellor 1 of YARSI University, stated

that the benefits of campuses and MSME actors are mutual, it is hoped that more lecturers will form partnerships with UMK and involve students in collaborative activities. MSMEs can become potential and profitable MBKM partners for students, lecturers and institutions.

The above opinion can be understood that, independent learning campus activities will provide benefits for lecturers, students, industry, and the campus itself. MSME.

Right now the most important thing for them is being able to survive, brands, halal labels and packaging and IT e-commerce are still in their dreams, maybe after the pandemic they will think about it. The association just exists, and will not be revitalized yet. Organizational strength is needed to exploit opportunities that arise in order to achieve goals (Nawawi, 2003: 148). Rangkuti (2008: 3) strategy is the choice to carry out activities in a different way from its competitors. Innovation is defined as a new discovery effort in an effort to increase competitiveness (Günday, et.al, 2011: 662-276).

Chen, Sousa, & He (2016: 626-670) competitive advantage is an important concept for SMEs to achieve goals; MSMEs must advance to class armed with digitalization, IPR and continuous innovation.

MSMEs must continuously innovate raw materials, plan a product, production process, brand, design, distribution, marketing, and others (Büschgens, et.al, 2013: 1-19). Knicki and Williams (2020: 28), "Current and future digital solutions support and can identify the various innovative formulas of consistent activities." This means that digitalization for the future will be the solution that is most capable of supporting the implementation of innovation for MSMEs. In other words, current and future digital solutions support and can identify innovative formulas of consistent activity.

Morgan et al. (2004: 90-108) unique resources will lead to superior market position. Innovation is closely related to the ability of MSMEs to export their products. (Cassiman & Golovko, 2011: 56-75). Success is determined

by how much efficiency (Primatami & Primadhita, 2020: 1-19). Burhan (2018: 11), performance efficiency assessment is needed to maximize profit.

Efficiency shows the comparison between input and output. Pindyck & Rubinfeld (2014: 679), technical efficiency of combining inputs to produce certain outputs as cheaply as possible. MSME actors highly respect local wisdom, utilize existing resources, ancestral recipes, behave frugally and tough because of the spirit of the family that supports them.

Yang, et., al (2017: 925–36), "Larger, younger, more innovative and export-oriented companies have a higher tendency to develop their own brands." Innovative brand management principles will help expand the future of the company's brand. Julia-Sophie Jelinek (2017: 1-19), "When art is implemented as a strategic marketing tool, it is relevant to achieving authentic conformity with the brand." This means that, when art can be used in promotion and marketing, then a previously unattractive brand becomes more attractive, packaging can also become more attractive.

Hult, et.al (2004) states that, "The more famous the brand is, the higher the expectations of investors for new products." This means that, the better the brand, the more famous the brand will be, and the higher the interest of customers, including investors, in investing in shares sold with the brand. According to Glaser (2008: 726-736), "Brand strategy management must prioritize market demand". Brand management must always prioritize market demand for the brand. Brand as a promotional tool for company products, Metharom (2015: 197–215) states, "The perceived quality of the brand through sales promotion will increase the willingness of consumers to pay (WTP) private labels (PL)." This shows that the consumer's perception of the brand must be good, so that it can be a separate promotion in the sales process. This will form customer loyalty to the brand. According to Arrigo (2015: 518–537), a co-branding strategy by choosing the best location for a flagship store in luxury branding will increase brand positioning with a 'sense of place'.

The resource-based MSME organizational model aims to explain the competitive advantages of MSMEs (Ong, et.al. 2010: 373-391). The competitive advantage of MSMEs measures the success of MSMEs against their competitors (Peteraf and Barney, 2003: 309-323).

Knicki and Williams [2020: 24], "Competitive advantage is the ability of an organization to produce goods or services more effectively than competitors do." Companies need to pay attention to the dynamics that occur in order to keep up with the competition, not to lose in the competition in the market (Kuncoro, 2005: 86).

## CONCLUSIONS

Based on the results of data analysis and discussion, it can be concluded, first, the strategy that can be used to improve the sustainability of MSMEs is a collaborative strategy of stakeholder participation and independent campuses. Second, there is a significant influence either partially or simultaneously between registered brands, product designs, halal labels, digitalization of marketing, cooperative associations, and MSME associations on the sustainability of MSMEs. First, the biggest influence on the sustainability of MSME actors is X1-Y (registered brand ownership on sustainability), followed by the X5-Y variable (formation of associations/cooperatives on sustainability), the third largest is (X2-Y) product design on sustainability. Thus, when interested parties want to improve the sustainability of MSMEs, the aspects that need to be improved first are the ownership of registered marks, the formation of associations/cooperatives, and improvement of product design. Second, the simultaneous effect is much smaller than the partial effect, thus, when interested parties want to improve the sustainability of MSMEs, the aspects that need to be improved are better individually (partial) than simultaneously.

The novelty of this research can be seen in the research findings which conclude that improving the sustainability of MSMEs is not only through improving the performance of

MSMEs, but can be done in collaboration between universities, local governments, and stakeholders.

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