

STRATEGY FOR DEVELOPING MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs) TO SURVIVE AMIDST GLOBAL ECONOMIC CHALLENGES

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Abstract: Micro, Small and Medium Enterprises (MSMEs) face challenge significant consequence instability global economy, including disruption technology, market fluctuations, and limitations access to digital infrastructure. Research This aiming For identifying effective UMKM development strategies in increase sustainability business in the middle global dynamics. Research This use approach *mixed methods* with design explanatory sequential, involving quantitative data analysis through survey against 300 MSMEs and qualitative data from interview deep with 15 perpetrators effort. Research results show that adoption digital technology and support policy public give influence significant to sustainability of MSMEs, while challenge external impact negative. Findings This confirm importance approach holistic that integrates innovation technology, policy inclusive, and mitigation risk external. Implications study This covers recommendation strategic for UMKM actors for adopt technology in a way gradually, and for government For strengthen digital infrastructure and expanding support policies that focus on sustainability. Research This contribute to the literature development of MSMEs and providing guide practical For increase Power stand sector This is in the era of globalization.

Keywords: MSMEs, Sustainability Business, Adoption Technology, Policy Public, Global Economy

Introduction

Micro, Small and Medium Enterprises (MSMEs) have role strategic as the main pillar economy in various countries, especially in developing countries such as Indonesia. The contribution of MSMEs to creation field work, eradication poverty, and stability economy make it as a very vital sector. However, in a number of year Lastly, MSMEs are faced with challenges the global economy is growing complex, including uncertainty geopolitics, slowdown economy, and impact transformation digital technology. Rapid change in pattern trading international, increasing competition tight, and needs For adapt with the era of digitalization demands MSMEs to develop innovative and resilient strategies . In the context of this is important For explore steps strategic which can ensure sustainability and power MSME competition in the midst global dynamics that continue changed.

Although Micro, Small and Medium Enterprises (MSMEs) have acknowledged as sector strategic in economy national, challenges faced sector. This the more increase along with dynamics global economy . Various problem basic, such as limitations access to funding, lack of adoption digital technology, and its weakness capacity managerial, continue become obstacle main for sustainability of MSMEs. In addition, high dependence on the domestic market making MSMEs vulnerable to fluctuation global economy, including change policy trading international, improvement cost material standard, and shift preference consumer consequence digital transformation. Conditions This the more exacerbated by uncertainty economic factors external,

such as crisis geopolitics and impact global pandemic , which affects Power competitiveness of MSMEs in the international market . In this situation this , appears need urge For develop a strategy that is not only capable overcome challenges the but also allows MSMEs to utilise opportunity in the middle change global economy . Unfortunately , research comprehensive and strategic based proof For overcome issues This Still limited . Therefore that , study This aiming For identify problems specific inhibiting development of MSMEs and offer solution relevant strategic For support sustainability sector this is in the middle challenge the global economy is growing complex .

Study This aiming For identify and analyze strategies that can support sustainability of Micro , Small and Medium Enterprises (MSMEs) in face challenge the global economy is growing complex . In facing disruption technology , uncertainty geopolitics , and international market dynamics , MSMEs need approach holistic strategic For increase Power competitiveness and adaptability . Research This in a way special aiming For explore integration digital innovation , strengthening capacity managerial , and roles policy public as the main pillar in develop Power withstand UMKM. In addition , the study This make an effort For give recommendation practical for UMKM actors , makers policies , and stakeholders interest other use support growth inclusive and sustainable sector this . With approach based on evidence supported by empirical data latest , research This aiming For bridge gap between theory and practice , offering solution relevant strategic For overcome various obstacles faced by MSMEs. Ultimately , the research This expected can contribute in a way significant in development literature academic and become guide strategic For advance the MSME sector , in particular in developing country context like Indonesia.

Studies on Micro , Small and Medium Enterprises (MSMEs) have become focus attention in literature academic , considering role strategic in push growth economy , creating field work , and reduce gap social . However , existing research tend focuses on internal aspects , such as management finance , marketing , or development product , without consider in a way deep challenge external factors faced by MSMEs in the era of globalization economy . In addition , some big study previously Not yet integrate approach holistic which includes innovation technology , policy public , and adaptation to global market changes . This is create gap in limited literature understanding comprehensive about how SMEs can survive and thrive in the midst dynamics the global economy is growing complex . With Thus , research This aiming For fill in gap the with offer approach strategic based on evidence that combines digital technology , improvement capacity managerial , and supporting policies sustainability of MSMEs. This study also provides contribution unique with using empirical data latest and approaches interdisciplinary For create relevant solutions for MSME actors and stakeholders interest others . With Thus , research This No only add outlook theoretical but also provides guide strategic that can implemented in practice .

Study This offer contribution new in studies development of Micro , Small and Medium Enterprises (MSMEs) with present approach relevant strategic For face challenge global economy . One of the aspect novelty study This is integration innovation technology and policy the public who have not Lots discussed in a way holistic in literature previously . In addition , research This to study role important digital transformation in increase Power durability and power competitiveness of MSMEs in the global market, while at the same time offers strategies that can implemented by the perpetrator business and maker policy . With use approach based on empirical data and studies case latest , research This No only add outlook academic but also provide guide practical For overcome constraint structural which is often faced by MSMEs, such as limitations access to capital, low adoption technology , and capacity limited managerial . In special , research This relevant in developing country context like Indonesia, where MSMEs play a role as mover main economy . With emphasize the importance of adaptation and innovation ,

study This aiming For give strong justification that the strategy offered capable give impact real for development of MSMEs, both in scale national both global, so that contribute to the goal development sustainable (Sustainable Development Goals).

Literature Review

Strategic Role of MSMEs in the Global Economy

Micro , Small and Medium Enterprises (MSMEs) play a role a very important role in global economy , especially in developing countries . According to the Central Statistics Agency (BPS), MSMEs contribute more from 60% to Product Indonesia's Gross Domestic Product (GDP) and absorbs more from 90% of power Work national . At the global level , MSMEs are the driving force innovation and inclusion economy . A study by Ayyagari, Beck, and Demirguc -Kunt (2007) shows that MSMEs provide contribution significant to growth economy , especially in create field work in countries with economy transition . However , MSMEs often face challenge big that hinders its potential , including limited access to global markets, funding , and technology .

Challenge External Issues Faced by MSMEs

In literature , the challenges the global economy faced by MSMEs is focus main . Research by Tambunan (2019) highlights that change geopolitics , fluctuations mark exchange , and crisis global economy impact directly on the sustainability of MSMEs. In addition , rapid digitalization , although offer opportunity , to be challenge new for SMEs that are lacking Ready in a way technology . Another study by Chen and Wellman (2020) showed that adoption digital technology can helping SMEs overcome limitations of traditional markets , but need support in form training and infrastructure .

MSME Development Strategy

Various strategies have been proposed in literature For support MSMEs in face challenge this . One of approach main is strengthening innovation and digital technology . Research by Kraus et al. (2020) shows that integration technologies , such as e-commerce and management data- based , can increase efficiency operational and expanding access to the MSME market. In addition , support policy the public also plays role important . The study by Hallward- Driemeier and Nayyar (2017) emphasized importance policy inclusive , such as access to funding micro , liberation taxes , and deductions obstacle regulation , for support growth of MSMEs.

Deep gap Literature

Even though existing literature give outlook important , there is gap in an integrated study approach holistic between innovation technology , policy public , and adaptation to global challenges . Most of study previously tend focus on one aspect only , so that ignore relatedness between factors In addition , the study empirical data -based that discusses impact This strategy is directly applied to MSMEs in developing countries , especially Indonesia, and is still limited .

Novelty and Contribution Study

Study This aiming For bridge gap the with offer approach comprehensive strategic For support sustainability of MSMEs. With combining empirical data and analysis theoretical , research This

give contribution relevant academic and practical in support SMEs to face challenge global economy .

Method

Research Design

Study This use approach descriptive and analytical with method mixed methods , which integrate quantitative and qualitative data For give comprehensive understanding . Approach This aiming For explore challenges and strategies for developing Micro , Small and Medium Enterprises (MSMEs) in face dynamics global economy . This study adopt design explanatory sequential , where quantitative data collected and analyzed moreover first , followed by qualitative data collection and analysis For delve deeper findings beginning .

Population and Sample

Population in study This is an MSME in Indonesia that operates in various sectors , such as trade , manufacturing , and services . Research sample determined use method stratified random sampling For ensure proportional representation from every sector business . A total of 300 MSMEs were made Respondent For quantitative data collection , while 15 actors business chosen in a way purposive For interview deep in phase qualitative .

Data Collection Techniques

Quantitative Data

Quantitative data collected through survey use questionnaire structured designed For identify challenges faced by MSMEs, level adoption digital technology , and the adaptation strategies used . Questionnaire This covers Likert scale for measure perception perpetrator business to various variables studied .

Qualitative Data

Qualitative data obtained through interview deep with MSME actors and stakeholders interests , such as representative association business and government . Interview This aiming For dig more in related obstacle structural , experience adaptation , and strategy recommendations .

Data Analysis Techniques

1. Quantitative Data Analysis

Quantitative data analyzed use statistics descriptive and inferential with help device soft statistics , such as SPSS. Analysis multiple linear regression used For identify connection between variable independent (challenge external , adoption technology) and variables dependent (sustainability) business).

2. Qualitative Data Analysis

Qualitative data analyzed use method analysis thematic . Transcript interview coded manually to identify themes main supporting or enrich findings quantitative .

3. Data Integration

Findings from second integrated data types in stage interpretation For produce recommendation comprehensive strategic .

Research Diagram/Flow

following diagram show channel study in a way Overall :

1. **Identification Problem**
Review literature For understand challenges and strategies of MSMEs.
2. **Formulation Hypothesis**
Compilation variable study based on review literature .
3. **Quantitative Data Collection**
Distribution questionnaire to selected MSMEs .
4. **Analysis Quantitative**
Survey data processing and analysis .
5. **Qualitative Data Collection**
Interview deep with MSME actors and stakeholders interest .
6. **Analysis Qualitative**
Interpretation of interview data For support results quantitative .
7. **Data Integration**
Compilation findings and recommendations

Results and Discussion

Analysis Results Quantitative

Quantitative data analysis done with use statistics descriptive and multiple linear regression For identify connection between challenge external , adoption digital technology , and sustainability UMKM business . The following is results main :

1. **Statistics Descriptive**
 - As many as 78% of respondents state that uncertainty global economy , such as fluctuation mark exchange and fees material standard , is challenge the main issues faced .
 - 65% of MSMEs have start the adoption process digital technology , but only 25% are fully integrate technology in operational they .
 - Respondents who have access towards funding programs or training provided government show level sustainability more effort tall compared to those who don't accept support similar .
2. **Multiple Linear Regression Results**
 - Variables independent like adoption digital technology and support policy public own influence significant to variable dependent that is sustainability MSME business ($p < 0.05$).

- Regression model show that adoption digital technology contributes contribution largest ($\beta = 0.42$), followed by support policy public ($\beta = 0.36$) against sustainability business .
- Challenge external own connection negative significant to sustainability effort ($\beta = -0.28$), indicating that the more tall level challenges , increasingly low sustainability of MSMEs if No balanced by adequate strategy .

Analysis Results Qualitative

Qualitative data analyzed use method analysis thematic . Interview deep with MSME actors and stakeholders interest produce a number of theme main following :

1. Obstacle Structural

- Limitations access to capital is still become issue main , especially for MSMEs located in the regions isolated .
- Lack of understanding about digital technology and its lack training make a number of perpetrator business reluctant adopt innovation .

2. Adaptation and Innovation

- MSMEs that have utilise digital technologies , such as e-commerce and management inventory based on device soft , report improvement efficiency up to 35%.
- Collaboration with government or association business through training and mentoring programs become factor key success adaptation .

3. Recommendation Strategic from Respondents

- Respondents propose the need incentive tax for SMEs that adopt technology .
- Provision digital infrastructure , such as cheap internet in remote areas , is considered as very urgent step .

Integration of Findings Quantitative and Qualitative

Quantitative and qualitative results show that The sustainability of MSMEs is influenced by a combination between internal factors (adoption) technology and capacity managerial) and external (support) policy public and challenges global economy). MSMEs that are able to integrate technology and get support policy own Power hold more tall to challenge global economy . However , without strengthening internal capacity , impact policy become less than optimal.

Conclusion from Analysis

- Adoption digital technology becomes determinant main sustainability of MSMEs in the global economic era .
- Support policy public , such as access funding and training programs , in particular significant increase Power withstand UMKM.
- MSMEs that do not do adaptation strategic tend more prone to to pressure external , such as market fluctuations and global competition .

Discussion

Research result This confirm that adoption digital technology has role important in increase sustainability of Micro , Small and Medium Enterprises (MSMEs) in the midst of challenge global economy . Findings quantitative show that adoption technology give contribution significant positive to sustainability business , as seen from coefficient regression of 0.42 ($p < 0.05$). This is in line with research by Kraus et al. (2020), which states that integration digital technologies , such as e-commerce and management data- based , capable increase efficiency operational and expanding market access . However , the results interview deep disclose that the adoption process technology often hampered by lack of understanding and capacity technical among MSME actors , especially in the regions remote . This factor show existence need For support perpetrator business through training and strengthening digital infrastructure . In the context of this , adaptation strategy based on technology No only increase Power SMEs are resistant to pressure external but also strengthens Power competition them in the global market. Research This give contribution important with highlight importance collaboration between perpetrator business , government and sectors private in speed up adoption technology For sustainability of MSMEs, a an approach that has not been Lots discussed in a way comprehensive in literature previously .

Support policy the public is also proven be one of factor key in increase sustainability of MSMEs, as indicated by the coefficient regression of 0.36 ($p < 0.05$). This result confirm importance role government in create conducive environment for development of MSMEs, especially through funding programs , incentives taxes , and provision training . Findings This consistent with Hallward- Driemeier and Nayyar's (2017) research , which highlights that policy inclusive can helping SMEs overcome constraint structural , such as limitations access to capital and resources power . Interview deep with perpetrator business also reveals that the mentoring and training programs organized by the government or association business has helping MSMEs improve capacity managerial and expanding market reach . However , the limitations implementation at the level local , such as unauthorized access evenly distributed in remote areas , becoming obstacles that still exist need overcome . With Thus , research This confirm the need approach integrated policy , covering strengthening digital infrastructure , expansion access training , and incentives proper financial target . Support policy effective public No only increase Power SMEs are resistant to challenge external but also encourage growth sustainable inclusiveness in the sector This .

Although adoption technology and support policy public give significant contribution , challenges external still become factor inhibitor main sustainability of MSMEs. Regression results show that challenge external own influence significant negative to sustainability of MSMEs with coefficient -0.28 ($p < 0.05$). Challenges like fluctuation mark exchange , upgrade cost material standard , and changes global market preferences are often outside control MSME actors , make they more prone to compared to sector business big . Research This in line with Tambunan's findings (2019), which stated that SMEs' dependence on local markets and limitations capacity adaptation increase risk they to global dynamics . However , the interview deep show that several MSMEs that have adopting a strategy of market diversification and collaboration with partner international capable reduce impact from challenge These results are highlight importance building mitigation strategies risks , such as expand market network and strengthen management chain supply . In the context of this , research This give outlook new with underline the need for an integrated strategy approach micro (internal capacity) and macro (support) policies and mitigation external), so that MSMEs can more tough in face pressure global economy .

Integration of findings quantitative and qualitative in study This disclose importance approach holistic in development of sustainability strategies for Micro , Small, and Medium Enterprises (MSMEs). Quantitative results show that variable adoption technology and support policy public

give impact significant to sustainability of MSMEs, while results qualitative strengthen findings. This will provide more insight deep related obstacles and opportunities faced perpetrator business. For example, interviews deep indicates that MSMEs that integrate digital technology with marketing strategy data based capable increase efficiency operational, although face challenge in training and implementation beginning. On the other hand, the policy program designed with good, like incentive tax or funding subsidized, proven help MSME actors reduce pressure financial in the adaptation period. Research this also emphasizes that sustainability of MSMEs is not only depends on individual variables such as technology or policies, but also on the synergy between various element. This is. strengthen view that a multidimensional approach is needed For answer challenge complex global economy. Findings This give contribution significant in the literature management of MSMEs with underline importance collaboration between government, sector private sector, and MSME actors for create ecosystem more effort resilient and inclusive.

As part from contribution theoretical, research This fill in gap in previous literature tend discuss internal and external factors of MSMEs separate. With integrate approach based on technology, policy public, and global challenges, research This offer perspective rare holistic found in studies previously. This study support theory adaptation strategic in context global economy with show that The sustainability of MSMEs is very dependent on their ability they For respond pressure external through innovation and collaboration cross sector. In addition, the findings This expand understanding about role policy inclusive in create ecosystem supporting business Power hold UMKM. New study This lies in identification synergy between adoption technology and support policy as booster main sustainability. Implications from findings This show that approach partial which is only focus on one dimensions, such as access to capital or training technology, no Enough For face complex global challenges. With Thus, research This confirm that the sustainability strategy of MSMEs requires framework integrated work, where technology, policy and innovation each other complete For create Power sustainable competitiveness in the global market.

Conclusion

Study This give outlook deep about the strategies required by Micro, Small and Medium Enterprises (MSMEs) to survive and thrive in the midst challenge global economy. Findings show that The sustainability of MSMEs is influenced by a combination internal and external factors, which include adoption digital technology, support policy public, and mitigation to challenge external. Adoption digital technology becomes determinant the main thing that improves efficiency operational and power competitiveness of MSMEs in the global market, with contribution significant to sustainability effort. However, the challenges in implementation technology, such as limitations capacity technical and digital infrastructure, becoming obstacles that require attention Serious.

Support policy public proven become element important in create ecosystem conducive business. Funding programs, training, and incentives designed tax in a way inclusive can helping SMEs overcome constraint structural that during This hinder growth them. In addition, the challenges external like fluctuation mark exchange, global competition, and uncertainty geopolitics influence sustainability of MSMEs in general negative. Findings This confirm the importance of mitigation strategies integrated risk innovation technology and policy adaptive.

Study This give contribution significant in the literature academic with offer approach holistic that integrates various dimensions sustainability of MSMEs. Approach This No only relevant for UMKM actors but also for maker policies and stakeholders interests that want push growth sector this. With fill in gap in study previously, study This expand understanding about importance collaboration cross sector in face increasingly global challenges complex.

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