

## DEVELOPMENT OF SUSTAINABILITY-ORIENTED MICRO ENTERPRISES IN THE LIKUPANG NATIONAL SUPER PRIORITY ZONE

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### ABSTRACT

The area-based workforce development initiative is a premier program of the Ministry of Manpower aimed at generating new employment opportunities through independent entrepreneurship across several regions, including the Likupang National Super Priority Area. This study aimed to assess the effects of the micro, small and medium-sized enterprises (MSMEs) program's implementation in the Likupang national super priority area. Data gathering for the research was conducted via observation, questionnaires, focus group discussions, and in-depth interviews with company participants who had received support and coaching from the Ministry of Manpower. The study's results indicated that not all program enrollees were able to develop. The economic impact of certain MSMEs developments was shown in the rise in sales turnover, enhanced capacities, and the strengthening of market networks. The support of ecosystems and the facilitation of local government would further expedite the development of MSMEs in the Likupang national super priority region. MSMEs initiatives in horticulture, plastic waste processing, and agricultural waste processing demonstrate its commitment to sustainability in the Likupang national super priority region.

**Keywords:** Microenterprise, Region, Sustainability, Likupang, Independent Workforce.

### INTRODUCTION

Indonesia, a nation endowed with vast natural resources and diverse cultural heritage, persistently endeavors to cultivate an inclusive and sustainable economy. A primary strategy implemented is the advancement of the tourism sector, concentrating on designated superior regions identified as super priority zones.

Likupang, situated in North Sulawesi Province, possesses promise as both a tourist destination and a hub for regional economic development. Likupang is designated as a super priority tourism region, anticipated to expedite tourism growth and generate employment possibilities for local populations. Nonetheless, beneath this significant potential lie substantial issues that must be

addressed, including the establishment of sustainable employment and economic prospects, alongside enhancing regional competitiveness through a robust employment and entrepreneurial ecosystem. The establishment of this ecosystem is crucial to guarantee that the ensuing development yields extensive and profound advantages for local communities, thereby enhancing their welfare sustainably.

The Indonesian government has implemented several key programs to enhance the quality of the national workforce, including the advancement of vocational education, skills training, and the empowerment of independent workers in both official and informal sectors. These employment programs are designed to address unemployment rates while also cultivating a workforce that aligns with the demands of the expanding market. The Likupang region, emerging as a super priority tourism location, necessitates a proficient workforce capable of swiftly adapting to evolving trends in the tourism business.

The development of the sustainable tourism industry necessitates a workforce across several domains, including the management of hotels, restaurants, and tourist attractions, as well as the administration of environmental legislation and the creation of culturally-based products. Consequently, governmental programs aimed at enhancing the capabilities of the local workforce are pertinent to generating autonomous job options, alleviating poverty rates, and diminishing reliance on the formal sector. Kuncoro, 2016

Delivering pertinent skills training, whether through work-based or entrepreneurial programs, is the initial stage in cultivating a workforce capable of autonomous operation. The government should promote cooperation among the school sector, the business community, and local society to foster an environment conducive to developing skills aligned with market demand. (Lardo et al., 2020) To enhance Indonesia's tourist sector, the

government has identified five super priority tourism zones, with Likupang recognized as a key contributor to the national economy. This program seeks to enhance the region by establishing robust foundational infrastructure, including roads, airports, transportation accessibility, and tourism amenities to attract both local and international visitors. This policy aims for Likupang to emerge as a premier destination that enhances the tourist sector's contribution to national GDP. Nonetheless, this rapid development must be counterbalanced by robust initiatives to use alternative economic potentials, including the local entrepreneurial sector capable of generating independent employment opportunities. In the absence of a robust entrepreneurial ecosystem, sustainably maximizing the potential of the tourism industry and creative economy in Likupang will be challenging. Consequently, the advancement of this sector necessitates focused attention via empowerment initiatives grounded in local capabilities.

The establishment of super priority regions like Likupang must promote community sustainability and social welfare. Enhancing infrastructure and the tourism industry is anticipated to generate several chances for the community to engage in a more extensive local economic ecosystem, not only as employees, but also as entrepreneurs in the region. In alignment with the government's strategy to expedite economic advancement in key regions, the Likupang area is designated to become a special economic zone (KEK). KEK offers convenience to investors through fiscal and non-fiscal incentives that promote job creation, industrial development, and enhancement of the area economy.

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Likupang, designated as a super priority region and a KEK, possesses the potential for rapid development, including the generation of long-term employment opportunities.

The establishment of a robust employment and entrepreneurship ecosystem is crucial to optimize the advantages of Likupang region growth. This ecosystem must incorporate several sectors, beginning with skills training aligned with industrial need, facilitating access to financing for local entrepreneurs, and enhancing marketing networks at both local and global levels.

The advancement of this entrepreneurial ecosystem extends beyond the official sector, offering chances for the community to leverage the vibrant informal sector, encompassing community-based micro-enterprises and local ingenuity. Silvaningsih et al. (2020) The integrated ecosystem in the Likupang area positions it as a premier tourism destination and a hub for entrepreneurship and self-employment, hence fostering inclusive regional economic growth.

## RESEARCH METHODS

This study uses a descriptive approach. The respondents of this study were all groups of recipients of assistance from the Ministry of Manpower, totaling 11 groups, and each group consisted of 10 people.

## RESULTS AND DISCUSSION

### Employment and Entrepreneurship Ecosystem of Likupang MSMEs

The MSMEs ecosystem is formed by interrelated social and economic aspects. The success of MSMEs development reflects environmental aspects, the place of prospective entrepreneurs, which shape behavioral characteristics and attitudes in business development. In addition, economic aspects such as business potential, types of businesses to be developed also contribute to the success of MSMEs development in the long term. The aspects that form the Likupang MSMEs development ecosystem are as follows:

Table 1 Respondents' Perceptions of Settlement Aspects.

Aspects of settlement	Very sufficient	Sufficient	Moderately	Lacking	Very lacking
Clean water	36.4%	18.2%	45.5%	0.0%	0.0%
Electricity	72.7%	18.2%	9.1%	0.0%	0.0%
Sanitation	45.5%	27.3%	18.2%	9.1%	0.0%
Communication facilities	72.7%	18.2%	9.1%	0.0%	0.0%
Road quality	72.7%	9.1%	9.1%	9.1%	0.0%

The settlement aspect demonstrates favorable conditions. The presence of clean water, electricity, communication, and roads signifies the existence of sufficient fundamental infrastructure for the growth and development of MSMEs in the Likupang region. Access to clean water must still be organized, as the Likupang area possesses relatively limited groundwater reserves available for

community use, especially for commercial support.

The health dimension is crucial to promote the Likupang region by ensuring the availability of healthy and high-quality human resources. Accessible healthcare services enable individuals to engage in more productive economic pursuits without the encumbrance of high curative health expenses.

Table 2 Respondents' Perspectives on Health Aspects.

Health aspects	Very sufficient	Sufficient	Moderately	Lacking	Very lacking
health facilities	81.8%	9.1%	9.1%	0.0%	0.0%
health workers	72.7%	18.2%	9.1%	0.0%	0.0%
health insurance	81.8%	18.2%	0.0%	0.0%	0.0%
community empowerment	0.0%	10.0%	60.0%	30.0%	0.0%

Table 3 Perceptions of Respondents Regarding Skills.

Vocational Skills Aspect	Very sufficient	Sufficient	Moderately	Lacking	Very lacking
Motivation to do business	0,0%	63,6%	27,3%	9,1%	0,0%
Technical skills (hard skills)	0,0%	0,0%	10,0%	80,0%	10,0%
Soft skills	0,0%	0,0%	18,2%	63,6%	18,2%
Frequency of Vocational Skills Training and Development	8,3%	0,0%	33,3%	58,3%	0,0%

Table 4 Respondents' Perceptions About Social Capital Aspects.

Social Capital Aspects	Very sufficient	Sufficient	Moderately	Lacking	Very lacking
Social Solidarity	70.0%	10.0%	10.0%	10.0%	0.0%
Residents' Sense of Security	81.8%	18.2%	0.0%	0.0%	0.0%
Social Networks and Community Solidarity	72.7%	18.2%	9.1%	0.0%	0.0%

Community strength is important in the development of area-based MSMEs. The social capital strength of Likupang MSMEs is very good. Existing kinship relationships can strengthen and accelerate the improvement of MSMEs actors' capabilities to grow in the future. The strength of solidarity allows for the acceleration of knowledge sharing among MSMEs actors in Likupang.

#### **Cluster of Needs for MSMEs Development in Likupang Area**

Based on the results of the Forum Group Discussion (FGD) and the mapping of problems faced by each MSMEs in the Likupang Area, the development needs of MSMEs in the Likupang Area can be

divided into four MSMEs Development Clusters.

- 1. Entrepreneurship Cluster and Independent Business Development**
- Development necessitates clusters that concentrate on fundamental entrepreneurship education, financial management, small business advancement, and product innovation methodologies. Likupang MSMEs exhibits local small enterprises that are not yet professionally administered. Fundamental entrepreneurship training is essential to enhance firm competitiveness and the capacity for sustainable management.

Entrepreneurship training substantially influences business sustainability, demonstrating an enhancement in the capacity to run enterprises sustainably (Ryan et al., 2024; Michael T., Myers, 2022). The tactics employed may be executed via a synthesis of interactive workshops, mentorship, and partnership with accomplished local businesses. The training required for the Likupang Area MSMEs encompasses:

- a. Basic Entrepreneurship, which imparts knowledge of the entrepreneurial attitude, business risk management, and market prospects.
- b. Financial Management Training on fundamental financial documentation for small enterprises, encompassing working capital administration.
- c. Product innovation, modifying local items (such as processed coconut, fish, or traditional crafts) to enhance their attractiveness to both domestic and foreign tourists. The objective of this training is to augment the number of new entrepreneurs. Enhancing community revenue via improved business management and more competitive local products.

### 3. Regulatory Cluster.

Incorporating developmental requirements such as company licensing knowledge, local empowerment legislation in the Likupang Tourism Area, PIRT, Halal Labels, and others. Numerous Likupang MSMEs have failed to comply with the regulatory standards necessary for market expansion, particularly in appealing to visitors with specific needs (halal, hygienic). Business license literacy include the comprehension of micro and small business permits (IUMK) and associated legal processes. Assisting local products in achieving health and halal compliance (PIRT & Halal Certification). Proficiency in business licensing is essential for individuals and enterprises to effectively negotiate the intricacies of acquiring and managing business

licenses. This literacy is crucial for ensuring adherence to legal obligations and optimizing the advantages of formal corporate operations (Luluk, 2024; Margaret, M., Dawson, 2022). Understanding of tourism policy frameworks that facilitate community business growth. Engagement of governmental entities (Industry Service, Health Service), widespread certification, and regulatory clinics. The anticipated effect is that local products will become more standardized, enabling them to compete in a broader market and enhance consumer confidence in these items (Manzilah et al., 2024; Ace et al., 2024). This facilitates partnerships between smaller businesses and major corporations.

### 4. Marketing and Partnership Cluster

Includes digital marketing training, and Provision of business galleries and marketing business partnerships. The products produced by Likupang MSMEs have great potential but limited access to a wider market is the main obstacle. Therefore, digital marketing training is needed, including social media management, e-commerce platforms, and storytelling techniques for local products. Digital marketing training equips SMEs with essential skills in social media, SEO, and content creation, leading to more effective marketing strategies (Kaharuddin et al., 2024; Rachmawati, 2024). In addition, especially craft entrepreneurs, they really need a business gallery or permanent place in the Likupang tourist area to exhibit and sell MSMEs products. Building business partnerships by facilitating cooperation with hotels, restaurants, and travel agents to market local products. The strategy used is to establish a marketing information center, utilize digital technology, and bring business actors closer to the supply chain. The expected impact of strengthening marketing and partnerships is that MSMEs products are more easily accessible to the market or tourists, synergy is built between local business actors with the private sector and government and increased

business income through market expansion.

#### **5. Cluster of Regional Potential and Local Resource Development**

Specifically for training that optimizes the potential of natural resources, waste or home industries typical of the region. Likupang has a wealth of natural resources (coconut, seafood, bamboo) that have not been fully utilized to increase economic value. Efforts to utilize all local resource potential to have economic value require the following training and development:

- a. Training in optimizing natural resources, processing resources into high-value products, such as pure coconut oil, processed fish, or crafts from waste.
- b. Development of home industries, focusing on packaging, branding, and diversification of local products.
- c. Waste utilization: Training on recycling waste into products with economic value, such as handicrafts from plastic waste, coconut shells, wood and shells.
- d. Collaboration with experts and research institutions for product innovation, as well as internship programs to practice training results.

The expected impact of the development cluster is to reduce waste through recycling that produces creative products, diversify local products with new innovations and increase the attractiveness of Likupang's typical products in the tourism market.

#### **Mapping of Strategic Partnerships.**

Initiatives to achieve the sustainability of MSMEs enterprises in the Likupang region commence with the strategic mapping of partners. This approach involves identifying parties or stakeholders with the potential to significantly contribute to the sustainability and development of MSMEs. According to the outcomes of the Forum Group Discussion (FGD) conducted by the Untad Team, several

stakeholders were recognized as having the capacity to contribute to MSMEs as follows.

1. The Indonesian Ministry of Manpower must collaborate with relevant entities in each region to enhance intensive socialization activities at the local level, elucidating the advantages of cooperation and the procedures for establishing strategic partnerships. Furthermore, an online platform or application might be developed to furnish information regarding partnerships and business prospects for MSMEs, ensuring accessibility for all stakeholders.
2. Engaging pertinent agencies from the outset, particularly in relation to the type of MSMEs business that aligns with the agency's operational scope or partner enterprises.
3. To optimize the mapping process, the Indonesian Ministry of Manpower must enhance coordination patterns and communication management with relevant agencies to broaden the mapping of MSMEs and possible partners.
4. Enhancing Access to Capital and Financing by facilitating funding through collaborations with microfinance institutions, banks, and investors. Low-interest loan schemes or funding through business consortiums can assist MSMEs in surmounting capital constraints. Moreover, training in financial management and business planning is essential for MSMEs to handle capital efficiently.
5. Allocating MSMEs follow-up funds or resources to offer direct support to MSMEs, ensuring the continuity of the Regional PKK program.
6. Continuous assistance and technical support, It is essential to establish more intense and lasting assistance programs, incorporating direct support from specialists in business, marketing, and technology. Support must be conducted regularly to guarantee the execution and efficacy of the formed partnerships. These solutions aim to enable MSMEs

to surmount current challenges, enhance strategic alliances, and attain greater company sustainability and growth.

### Gap Analysis: Existing Condition vs Ideal Condition

Gap analysis between Existing Social Condition vs Ideal Condition aims to understand the difference between the current social condition and the desired or ideal social condition. This mapping

provides an overview of the extent to which the current social condition has achieved the set goals, and identifies areas that still need improvement or more attention. Gap analysis helps to assess aspects that are not yet optimal, and to design development efforts.

Gap analysis helps to design more targeted policies or programs, including better resource allocation. The right action plan allows for the achievement of development goals in an inclusive manner.

Table 5 Existing and ideal conditions of the regional ecosystem

Components	existing	Ideal conditions
<b>Settlement aspects</b>		
Clean Water	Clean water is currently still limited, and its condition is very vulnerable to climate	There must be SPAM to support decent life, including for water in agricultural land
Electricity	Generally good, although at times there are still blackouts. The risk of blackouts also exists, especially due to network disruptions damaged by fallen trees	Electricity must be designed for 24-hour lighting so that it will support the Likupang Area, including to support SMEs in the tourist area
Sanitation	Generally inadequate, especially in public areas. Public toilets are inadequate in the coastal tourist area	Community and environmental sanitation must be improved in the short term, because it is a crucial need. The construction of clean water networks and public toilets is very urgent at this time in tourist areas
Communication Facilities	Generally good	Coordination with providers needs to be strengthened, considering that bandwidth needs will increase along with the increase in tourists
Road Quality	Some main roads are good, but do not yet reach all areas	Main roads and roads to production pockets need to be repaired,
<b>Health Aspects</b>		
Health Facilities	Health facilities are available, both health centers and community health centers, but inpatient facilities are not optimal	As the nearest health service center, health centers must have complete facilities including medical personnel
Health Workers	The availability of specialist doctors is still limited, so referrals must be made for patients who require further treatment	The presence of specialist doctors must be at the health center level, so that services are more optimal
Infant Mortality Rate	AKI is relatively low	Still requires optimization of monitoring, especially for high-risk pregnancies
Maternal Mortality Rate	AKI is relatively low	Efforts to maintain low maternal mortality rates must continue to be



		carried out by monitoring pregnant women, including those at risk
Health Insurance	Most residents have BPJS	This is what needs to be improved is BPJS employment to provide stronger social protection
Community Empowerment	Not yet showing optimal empowerment, because local potential has not provided optimal benefits	The community must be empowered with existing local potential, with the support of related stakeholders
<b>Skills Aspect</b>		
Business Motivation	Still have various obstacles, training motivation is still short-term	It must be improved, so that the community can develop itself with existing potential
Business Skills	Very limited, only based on habits	The layout, especially production, managerial and marketing skills, must be adequate to be able to run a MSMEs business in the long term
Vocational Skills Training and Development	Training is still oriented towards basic technical aspects	Technical and managerial aspects must be carried out together so that MSMEs management can develop by utilizing existing opportunities
<b>Social Capital Aspect</b>		
Social Solidarity	Generally good, although not yet optimal in the context of MSMEs business	Social solidarity must be related to economic activities between communities, so that social potential can trigger the acceleration of the development of the Likupang Area
Residents' Sense of Security	Generally good but in public areas there are no facilities related to security Tourist locations	As a super priority area, there must be security facilities, especially in public areas, which guarantee that tourists feel safer.

### **Likupang MSMEs development policy.**

The development of Likupang MSMEs must be long-term and multi-sectoral. Broad policy support will provide leverage for the growth of MSMEs in Likupang. The policies needed in the development of Likupang MSMEs include:

- a. Policies related to Area management include macro-level Spatial Control; Strengthening Infrastructure and Accessibility, Investment Incentive Policy
- b. MSMEs Development Policy includes MSMEs Empowerment, Strengthening MSMEs Capacity, Access to Capital and Funding, Marketing and Promotion, Product Development and Innovation, Strengthening Value Chain

- c. Collaboration policy includes MSME Partnership Facilitation Policy with the Private Sector, MSME Collaboration Policy with the Government, Education Policy and Knowledge Transfer

### **Discussion**

**Human Capital Advancement**  
Initiatives to enhance welfare will invariably correlate with workforce development and poverty reduction. On a macroeconomic level, workforce development pertains to the supply and demand of labor, influencing the rate of open unemployment. (Mukhuty et al., 2022; Rojko et al., 2020) Consequently, initiatives aimed at fostering an autonomous workforce via entrepreneurial development and the



recognition of local potential are critical components of regional development. The establishment of an autonomous workforce is crucial for fostering energy-sufficient villages, as it alleviates poverty, generates employment possibilities, and promotes beneficial economic activity (Yohanes, 2015).

Initiatives to enhance employment align with sustainable development objectives, namely target 8 concerning decent work and economic growth. (Mukhuty et al., 2022; Podgórska, 2022) The growth of employment utilizing local resources will yield significant economic and social advancement by enhancing the value added to plentiful local assets. (Alkhalayfeh et al., 2021; Kuncoro, 2016) Employment growth can be enhanced by using local resources, particularly through the production of high-quality goods. This strategy not only generates revenue for the community but also fosters new employment opportunities and enhances the skills and capabilities of the local populace. (Elsa, 2024) The source of regional growth will derive from local distinctiveness that can be prudently managed over the long run, so enhancing the region's competitiveness in a manner that is difficult to replicate (Kumoro et al., 2020).

### **Highly prioritized regions**

The establishment of the National Strategic tourist Area (KSPN) Super Priority is a governmental initiative aimed at expediting the advancement of the tourist sector, thereby directly influencing the development of both local and national economies.

The establishment of Super Priority regions seeks to enhance regional development and bolster economic security. (V.P., Chichkanov, 2018) The establishment of Super Priority zones aims to expedite regional growth, hence influencing the regional economy. The advancement of this region will directly influence labor demand. The primary issue in advancing this region is enhancing the

capabilities of the local workforce to participate in a fast evolving global market. The adaptation of technology, cultivation of attitude, and enhancement of partnership-building capabilities are essential for regional human resource development. The necessity for human resource development mandates sufficient educational infrastructure, constituting a long-term investment aligned with regional development initiatives. Quarthey and Wells (2020); Rojko et al. (2020)

Skills include foreign language competence, service management, and tourist sustainability are features of local resource capabilities that require immediate enhancement. Podgórska, 2022 The adoption of faster regional growth must be contrasted with the notion of sustainability. This idea aims to guarantee that the jobs generated are not merely temporary, but also foster the green economy and promote job diversification in the future. Caiado et al. (2022), Giordano et al. (2023), Podgórska (2022).

### **Formation of an Entrepreneurial Ecosystem**

The creation of an entrepreneurial ecosystem is a crucial method for fostering regional economic development. Initiatives to establish an ecosystem are grounded in the significance of dynamic interactions between entrepreneurs and supporting institutions. Dicuonzo et al. (2022).

An effective ecosystem depends on collaborations among academia, industry, and government, promoting knowledge transfer and innovation (Bayramova, 2024; Кащенко et al., 2024).

Furthermore, government policy has a crucial influence, particularly in facilitating essential infrastructure for regional development. (Dicuonzo et al., 2022)

The entrepreneurial ecosystem fosters an atmosphere that promotes innovation by collaboration among commercial entities, universities, and research institutes. Felsberger and Reiner, 2020.

This scenario will, in the long term, expedite the emergence of globally

competitive products and services. Dossou et al. (2022)

Furthermore, an ecosystem that fosters robust collaboration would promote resilient economic diversification. Varied local potential will serve as a foundation for economic resilience amid global changes. Da Silva et al. (2023) The establishment of a robust ecosystem signifies the presence of a well-developed business environment, hence enhancing its appeal for investment. The presence of diverse fundamental infrastructures and supporting institutions enhances business appeal and facilitates collaboration across corporate entities. Lardo et al. (2020)

### **Entrepreneurship**

The establishment of regionally-focused MSMEs development aims to enhance long-term economic autonomy. The local potential, encompassing both natural and human resources, should be enhanced through the fortification of entrepreneurship. Mukhuty et al. (2022) The advancement of entrepreneurship is a pivotal element in regional development and the mitigation of poverty. By fostering an atmosphere conducive to business expansion, entrepreneurship can stimulate local economic activity, generate employment opportunities, and enhance community autonomy. Entrepreneurship enhancement is achieved by assessing the fundamental competencies of the Community. This fundamental capacity serves as a benchmark for human resource development via diverse knowledge and vocational enhancement initiatives. Mukhuty et al. (2022)

Suryono & Sumarno (2013) assert that "Capabilities can only be developed through education, training, or counseling, employing various methods suited to the students' circumstances and the context of their community."

Conversely, the enhancement of business potential in the region is crucial, since market potential, production capacity, and ancillary industries

significantly affect the appeal of enterprises in the area. (Duarte et al., 2022; Oláh et al., 2022)

The advancement of entrepreneurship in the region will enhance the value of local resources and concurrently mitigate economic inequality and improve wellbeing. Enhanced equal access to training, financing, and technology enables disadvantaged populations, including women and youth, to elevate their level of living. González-Ramos et al. (2022).

In impoverished places, entrepreneurship serves as a catalyst for social and economic reform. With appropriate investment in skills, market access, and promotion, marginal regions can evolve into vibrant hubs of economic growth. Kuncoro, 2016.

## **CONCLUSION AND SUGGESTION**

### **Conclusion**

- a. The advancement of MSMEs in the region has demonstrated success, however several MSMEs participants have also exhibited failure.
- b. Continuous MSMEs development efforts are urgent to ensure that MSMEs will grow along with the government's efforts to develop Likupang as a national super priority area.
- c. MSMEs actors continue to face significant challenges in the Production sector, despite the possibility of concurrently enhancing marketing, management competencies, establishing networks, and integrating technology.
- d. The regional supporting ecosystem is sufficiently robust to facilitate the long-term cultivation of MSMEs, since the fundamental and social infrastructure is well regarded by MSMEs stakeholders.

### **Recommendation**

- a. The necessity for enduring measures to bolster MSME's resilience against potential competition, given that Likupang is anticipated to emerge as a new growth region with intensifying rivalry.

- b. Partnerships with diverse stakeholders must be established to cultivate a robust ecosystem for the long-term success of MSMEs.
- c. Restructuring is necessary, particularly for unsuccessful MSMEs, given that further local potential remains accessible for MSMEs initiatives.

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