International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

# Empowerment of MSMES with Support and Assistance from The Bandung City Government Strategy:an Examination Of Lower-Middle Economic Growth

**Irfan Taufik [1*], Budi Eko Soetjipto[2]**

[1]Department of Management Science, Faculty of Economics and Business, Universitas Negeri Malang, Indonesia

* Corresponding author: Irfan.taufik.2404139@students.um.ac.id

**Abstract**

*Micro, small, and medium companies (MSMEs) are a vital component of Indonesia's economic framework, especially in urban areas like Bandung. These firms create jobs, stimulate innovation, and constitute the foundation of resilience in lower-middle-income communities. Recently, the Bandung City Government has launched many strategic support and assistance projects designed to empower MSMEs and foster inclusive economic growth. This study analyzes the efficacy of these techniques in promoting MSME growth and their impact on the socio-economic progress of lower-middle economic groups in Bandung. This research employed a qualitative-descriptive methodology, incorporating comprehensive interviews with MSME proprietors, government representatives, and community stakeholders, with field observations and document analysis. The findings indicate that although the Bandung City Government has executed several initiatives, including business training, access to micro-financing, facilitation of market access, and support for digital marketing, there is still a disparity between policy formulation and tangible effects at the grassroots level. Identified key difficulties are insufficient computer literacy among MSME operators, inadequate post-training support, and bureaucratic impediments to funding availability. Insufficient mentorship and resources customized for the specific requirements of micro and small enterprises frequently lead to the underutilization of the government's digital transformation programs. Furthermore, entrepreneurs in the lower-middle-income bracket encounter exacerbated challenges stemming from little money and a lack of*



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*robust business networks. Notwithstanding these hurdles, the research reveals numerous success stories in which MSMEs substantially enhanced their company performance through sustained participation in government aid programs. These instances underscore the significance of a cohesive empowerment framework that amalgamates training, mentoring, technological access, and continuous oversight. This study suggests that empowering MSMEs in Bandung demands more than intermittent support; it requires a cohesive, community-oriented strategy that enhances entrepreneurs' economic, social, and technological capacities. The Bandung City Government is essential in this process but must enhance its tactics to guarantee inclusivity, sustainability, and quantifiable results. To fortify MSMEs as catalysts for lower-middle economic growth, policy improvements must prioritize adaptive capacity development, streamlined finance access, and expanded public-private partnerships. This research is crucial for policymakers, development practitioners, and MSME stakeholders seeking to understand how local government initiatives might more effectively assist economically disadvantaged people through targeted and sustained support. By effectively connecting policy formulation with practical realities, Bandung has the potential to serve as a model city for MSME empowerment and inclusive economic growth.*

**Keywords: MSME empowerment, Bandung City government, digital marketing assistance, lower-middle economic growth, local development strategy.**

## INTRODUCTION

Indonesia is the fourth most populated country in the world, after China, India, and the United States (databoks, 2020). The significant population will definitely lead to several obstacles, including unemployment and economic hardships. Micro, small, and medium enterprises (MSMEs) are essential in reducing unemployment and strengthening the national economy. Micro, small, and medium companies (MSMEs) exert a substantial influence on the national economy, as demonstrated by their contribution to Indonesia's gross domestic product (GDP). The contribution of MSMEs to Indonesia's GDP has increased, and their quantity has also grown. This article addresses the progression of MSMEs in Indonesia.

Nevertheless, the expansion of MSME participants continues to pose several obstacles, including performance issues faced by MSME stakeholders in Indonesia. Performance is defined as the effectiveness of implementing programs, activities, or


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policies to achieve the goals, objectives, vision, and mission outlined in an organization's strategic plan (Moeheriono, 2014). Performance is characterized as the results obtained from the utilization of available economic resources, measurable in both financial and non-financial metrics (Idrus, 2012). Furthermore, performance can be defined as dependent on the effectiveness of the methods utilized by the business (Mohamad et al., 2015).

Performance frequently denotes the achievement of goals, objectives, visions, and missions, as previously articulated. The assessment gauges the effectiveness of an organization's activities and personnel, as well as the organization as a whole, and is performed periodically based on predetermined criteria, standards, and objectives (Idrus, 2012). A May 2020 poll conducted by LIPI indicated that 94.69% of businesses experienced a decline in sales. Based on business scale, 49.01% of ultra-micro firms, 43.3% of small enterprises, 40% of tiny organizations, and 45.83% of medium enterprises indicated a sales decline above 75%. Based on the firm's age, 23.27% of organizations aged 0–5 years, 10.9% of those aged 6–10 years, and 8.84% of firms operating for over 10 years saw a revenue decline exceeding 75%. The sales methodology indicates that a decrease above 75% was observed in 47.44% of offline sales firms, 40.17% of online sales enterprises, and 39.41% of organizations involved in both offline and online sales.

The decline in business performance among MSMEs requires intervention and resolution due to their vital importance in the national economy. The subpar performance of MSMEs, considering their critical significance in the national economy, necessitates intervention and improvement. This study primarily examines the importance of financial literacy as a factor influencing MSME performance. Financial literacy includes the skills necessary to understand and use financial knowledge, such as personal finance management, debt management, savings, and investment strategy formulation.

Micro, small, and medium enterprises (MSMEs) are vital to national economic advancement. In Indonesia, UMKM significantly contribute to GDP and employment, serving as vital drivers for innovation, local empowerment, and community resilience. In Bandung, micro, small, and medium enterprises (UMKM) play a pivotal role in shaping the regional economy, especially within the fashion, culinary, and creative industries. Nonetheless, despite their promise, many UMKM face challenges in adapting to technological changes, especially within the framework of the digital economy. The emergence of e-commerce and digital marketing platforms offers new opportunities for corporate expansion while simultaneously introducing fresh competitive hurdles (Utama, 2019).


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A multitude of UMKM in Bandung encounter difficulties stemming from limited access to digital infrastructure, insufficient comprehension of online marketing strategies, and constraints in financial and human resources. Furthermore, the COVID-19 pandemic accelerated the digital transformation across several sectors, including micro, small, and medium companies (MSMEs). While several firms swiftly transitioned, others faltered owing to their inability to effectively embrace digital tools and platforms. This difference underscores the urgent need for targeted support, training, and strategic development to enhance digital readiness within UMKM.

Multiple studies have shown the importance of digital transformation for the competitiveness of SMEs. Kotler & Keller (2016) say that digital marketing enables firms to penetrate additional markets at a lower cost, thereby improving personalized consumer interaction. Chaffey (2015) identifies key components of digital marketing, including search engine optimization (SEO), content marketing, social media, and email campaigns, which may be effectively utilized by small businesses. Setiadi (2019) asserts that the incorporation of digital marketing in UMKM can significantly improve sales performance and brand recognition. However, the level of digital knowledge and infrastructure readiness remains a considerable impediment.

Pratama & Firmansyah (2020) found that many UMKM in Indonesia are still in the early stages of digital marketing implementation, mostly relying on social media platforms such as Instagram and WhatsApp, without a comprehensive strategy. Furthermore, research conducted by Nugroho et al. (2021) indicates that the efficacy of UMKM's transition to digital methodologies is contingent upon various internal and external elements, including managerial support, employee competencies, governmental assistance, and customer preferences. Furthermore, empirical research by Hartono (2022) indicates that training and mentoring programs can significantly improve digital marketing performance among UMKM participants.

This literature provides a methodology for evaluating the readiness of UMKM in Bandung to adopt digital marketing, highlighting the importance of a holistic strategy that includes training, policy assistance, and access to digital resources. Financial literacy enables individuals to attain financial well-being by informing their decision-making in financial matters through intuition, skills, behavior, and attitudes (Competencies, 2016). The Financial Services Authority (OJK) claims that improving an individual's financial literacy—characterized by sophisticated financial management and decision-making skills—will foster confidence shown in their financial attitudes and behaviors, ultimately


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leading to success. Moeheriono, P. (2014). Revised Edition of Competency-Based Performance Evaluation. Jakarta: PT Rajagrafindo Persada.

Furthermore, financial inclusion significantly enhances the performance of MSMEs. Financial inclusion refers to the capacity of individuals to access and use fundamental financial services, including savings, loans, and insurance, which are intended to be secure, convenient, reliable, and adaptable (Ibor et al., 2017). Yanti (2019) contends that financial inclusion necessitates a thorough examination of strategies designed to eradicate obstacles encountered by the community in accessing and utilizing services offered by financial institutions. Financial inclusion is improving access to financial services by removing numerous obstacles (Lumenta & Worang, 2019).

Financial inclusion is regarded as a fundamental right for all members of society, ensuring optimal access to financial goods through educated and timely provision, cost-effectiveness, and the establishment of a courteous and supportive environment that complies with humanitarian norms. The National Strategy for Financial Inclusion of Bank Indonesia (SNKI) articulates this aim. Yanti (2019) asserts that financial inclusion is a thorough examination intended to eradicate obstacles associated with the use and accessibility of services in financial institutions, hence enhancing public access to financial resources.

The next factor that significantly impacts the performance of MSMEs is financial technology, commonly known as fintech, which refers to services designed for the financial sector using digital technology in software form.

Financial technology is often characterized as an innovative application of technology in financial transaction services (Alifah, 2022). Fintech is characterized as a transformative movement in financial services that enhances accessibility and consumption. Dorfleitner et al. (2017) characterize fintech as a rapidly evolving sector founded on several business strategies. The objective of fintech is to establish a society in which transactions and access to diverse financial goods are effortless and straightforward. The advent of this phenomenon can broaden the spectrum of financial services, facilitating more efficient and direct funding, potentially benefiting corporate stakeholders (Ansori, 2019).

The rise of fintech in Indonesia offers opportunities for SMEs to progress via digital payment solutions, financing, and financial management (Muzdalifa et al., 2018).

The researcher aims to identify MSME participants in Bandung, given the notable number of MSMEs in the city and their unique characteristics. Furthermore, it receives support from the SMEs in Bandung, which consistently evolve each year. This statement


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outlines the growth trajectory of MSMEs in Bandung. The establishment of BPPKU aims to promote the quality of SMEs by fostering reliability and growth through the development of entrepreneurial spirit and managerial competencies, while concurrently nurturing communities and networks among SMEs to ensure their resilience, autonomy, and progress.

Furthermore, the expansion of SMEs will create new employment possibilities, enhance the purchasing power of the local population, and increase business revenue, so fostering economic progress. The SMEs and UMEs assisted by BPPKU encompass nascent enterprises, aspiring entrepreneurs, newly founded businesses, and established SMEs enhancing their operations. Kindly provide the material you would like translated into American English.

No text has been provided for translation. The strategies employed by these retailers can be categorized into two types: inter-type competition, wherein a store must demonstrate unique characteristics or a specific emphasis to deliver superior value compared to other establishments selling identical products, thus competing with discount and department stores as specialty retailers; and intra-type competition, where retailers must underscore their distinctive attributes in comparison to similar stores.

These strategies include increasing consumer awareness and interest, cultivating positive consumer relationships, potentially attracting new customers, broadening the ability to engage consumers globally, and offering additional promotional opportunities for local businesses to improve the reputation of SMEs. Damian Ryan (2014) delineated several benefits of fostering close customer relationships, including obtaining customer feedback, augmenting the company's social media visibility, expanding information channels beyond traditional media for market research, and influencing key opinion leaders to sway their audiences, thus enhancing the product's favorable perception.

Micro, small, and medium enterprises (MSMEs) are recognized as the foundation of Indonesia's economy, substantially contributing to employment, innovation, and inclusive development (Harto et al, 2023). In metropolitan regions such as Bandung, MSMEs serve as economic agents and social stabilizers, particularly for lower-middle-income demographics facing structural impediments such as limited access to finance, technology, and formal education. Nevertheless, despite their importance, many MSMEs in Bandung continue to have difficulties with sustainability and competitiveness in an increasingly digitized and globalized marketplace.

In response to these challenges, the Bandung City Government has implemented different empowerment programs to enhance the skills of MSMEs. The initiative includes


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entrepreneurial training, access to financial resources, digital marketing assistance, and business incubation services (Machmud and Sidharta, 2013). These programs are essential to a holistic policy strategy designed to bolster economic resilience and mitigate poverty among vulnerable communities. Nevertheless, the effectiveness of these strategies remains an issue, since various reports reveal a discrepancy between policy objectives and actual implementation.

The COVID-19 pandemic highlighted the fragility of MSMEs and accelerated the imperative for digital transformation. The upheaval of traditional business models has heightened the importance of digital literacy, e-commerce readiness, and online customer engagement. However, many MSMEs in Bandung were inadequately prepared for this sudden shift, underscoring the need for more comprehensive and adaptable support services.

Previous research has explored the challenges faced by MSMEs and digital transformation on a national level; however, there is a paucity of studies that have specifically analyzed the influence of local government interventions on MSME resilience and economic mobility within an urban Indonesian context. This study aims to fill the vacuum by rigorously examining the empowerment strategies employed by the Bandung City Government and evaluating their impact on the performance and sustainability of MSMEs, particularly those run by lower-middle-income entrepreneurs.

The study analyzes the successes and shortcomings of current initiatives while also exploring the experiences of MSME proprietors in navigating digitization, obtaining financing, and sustaining their businesses. It seeks to provide actionable insights for policymakers and stakeholders focused on improving the MSME ecosystem. This study enhances the broader discourse on inclusive economic development by underscoring the imperative for integrated, grassroots-oriented policy implementation. The following section analyzes the literature relevant to MSME empowerment, followed by a detailed description of the research methodology. The following part analyzes the obtained data, aligning our empirical findings with theoretical frameworks to evaluate the effectiveness of Bandung's MSME strategy (Suhaeni, 2018)..

## RESEARCH METHOD

This study used a qualitative descriptive methodology to examine the impact of the Bandung City Government's strategic support on the empowerment of micro, small, and medium companies (MSMEs), specifically those in lower-middle-income communities (Radović-Marković and Alecchi, 2016). We selected the qualitative method to gain deep,


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contextual insights into the lived experiences of MSME participants and government stakeholders, which are not easily quantifiable. The qualitative method utilized comprises structured techniques; we conducted interviews with senior management or owners of small and medium-sized enterprises (SMEs).

The questions directed to the respondents relate to marketing strategies and their implementation. This study employed descriptive research for data analysis; according to Sekaran and Bougie (2016), the aim of descriptive studies is to characterize the attributes of an object, phenomenon, or particular event. Sekaran and Bougie (2016) classify data into two categories: primary data and secondary data. Primary data is gathered directly by the researcher for a specific objective, while secondary data is obtained from other individuals or institutions for a certain reason. This research incorporated both primary and secondary data. The primary data were obtained via structured interviews with senior management or owners of SMEs, while secondary data were derived from relevant materials consistent with the study's objectives, including online media, governmental organizations, textbooks, and scholarly publications.

The research design is exploratory, seeking to comprehend the real-world effects of government aid programs on MSME development (Radović-Marković, 2023). It aims to uncover the facilitating factors and the enduring obstacles encountered by MSME stakeholders in accessing and benefiting from government initiatives. The data analysis employed thematic analysis, involving the manual coding of transcripts and field notes to identify recurring themes and patterns. The data were categorized into access to training, digital marketing preparedness, experiences with financial support, and impressions of governmental responsiveness. This research facilitated a comparison between projected policy outcomes and the actual experiences of the recipients. To augment credibility and reliability, triangulation was employed by contrasting information from diverse sources (MSME proprietors, government officials, and documents).

Researcher performed member checking by presenting preliminary findings to selected participants to confirm their accuracy and relevance. This methodological framework guaranteed that the research caught both the technical dimensions of MSME empowerment techniques and the socio-cultural and economic environments in which these firms function.

## FINDINGS & DISCUSSION

Micro, small, and medium enterprises (MSMEs) are pivotal to national economic progress. Alongside fostering national economic progress, MSMEs play a crucial role in


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employment creation and the equal distribution of developmental benefits. Furthermore, MSMEs serve as a dependable foundation of the populace's economy (Ahmadi et al, 2020). This industry demonstrates considerable resilience during economic downturns or crises, showing itself to be more dependable than larger sectors in such circumstances. Small and medium-sized enterprises showed resilience during the significant economic crisis that affected the nation in 1998. During a period when huge corporations confronted insolvency, MSMEs flourished in that environment.

A concerted effort has been made since then to support these MSMEs' expansion. Moreover, there is widespread recognition that the proliferation of MSMEs and their influence on economic growth might significantly increase. The sustainability of MSMEs requires substantial attention from both governmental and social entities to enhance their competitive progress alongside other economic participants. We must make government policies and directives more conducive to the growth and development of MSMEs. The government must intensify its engagement in strengthening MSMEs, fostering advantageous commercial alliances between large and small enterprises, and elevating the quality of human resources (Kholik and Rahmi, 2023). Philosophically, MSMEs can act as a crucial foundation for societal economic development.

This company, possessing significant absorption capacity, can employ thousands of workers outside the large-scale industrial sector. Even developed nations such as the United States and Japan consider small and medium firms to be the cornerstone of their national economies. The promotion of MSMEs is a strategic strategy designed to fortify the economic foundation of the Indonesian populace, particularly by generating employment and alleviating poverty gaps. We acknowledge that the advancement of MSMEs has numerous challenges, including capabilities, skills, expertise, human resource management, entrepreneurship, marketing, and finance. The deficiency in managerial skills and human resources hinders small entrepreneurs from efficiently operating their enterprises. Small entrepreneurs encounter specific fundamental challenges (Kuncoro, 2007).

Initially, they encounter difficulties in acquiring market opportunities and increasing their market share. The inadequacies in the capital structure and the difficulties in securing financial resources are subordinate issues. Third, there are inadequacies in organizational and human resource management. The network of collaboration among small entrepreneurs faces constraints. The business environment negatively impacts small entrepreneurs because of unfavorable competition. The information presented is


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insufficiently integrated, and there exists a deficiency of confidence and apprehension within the community regarding small firms.

Addressing the challenges of empowering MSMEs requires a series of intentional, systematic, and holistic strategies at both macro and local levels. Local government initiatives should primarily adopt a cooperation strategy to facilitate the development of MSMEs in subcontracting and export-oriented growth (Umam and Mafruhat, 2022). Secondly, to address financial problems, it is imperative to augment the capacities and services of local financial institutions to provide more accessible financing choices for MSMEs. Furthermore, to enhance the resilience of financial institutions catering to the MSME sector, it is essential to establish networks among microfinance institutions (MFIs) and between MFIs and banks.

The empowerment of small and medium companies (SMEs) is strategically vital due to its substantial capacity to enhance local economic activity and act as a primary income source for the majority of the population, hence increasing their welfare. The presence and function of SMEs, totaling 49.84 million in 2007 and representing 99.99% of national entrepreneurs, are indisputable within the national economic structure owing to their substantial contributions to employment, the enhancement of national gross domestic product (GDP), national export value, and national investment.

In 2006, the contribution of SMEs to the national GDP at current prices was documented at Rp.1,786.22 trillion, constituting 53.49 percent; the specific contribution of SMEs was recorded at Rp.1,253.36 trillion, or 37.53 percent; and SMEs represented Rp.532.86 trillion, amounting to 15.96 percent of the national GDP. The residual section consists of big enterprises (LE), totaling Rp.1,553.26 trillion, representing 46.51 percent.

Microfinance is an economic development technique aimed at assisting low-income individuals or impoverished populations. Microfinance in economics pertains to the provision of financial services to low-income individuals, including laborers, those in the informal sector, and micro, small, and medium enterprises (MSMEs). This model typically encompasses savings and credit under financial services; however, the majority of microfinance institutions also offer insurance and payment services.

Microfinance historically arose as a remedy for the shortcomings of government assistance programs, particularly in providing rural loans to economically disadvantaged families (Fadilah et al, 2022). The failure originated from urban bias in loan distribution, elevated transaction costs, interest rate limitations, inflated standard rates, and pervasive corruption (Hulme, Arun 2009). Microfinance significantly impacts underdeveloped countries. Indeed, it is not solely underdeveloped nations; even wealthy economies such


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as the United States and Japan have experienced substantial growth in microfinance to bolster small company sectors.

The author outlines several essential aspects: Grameen Bank, as a microfinance institution, prioritizes the marginalized, particularly women, in its poverty alleviation initiatives; Grameen Bank has skillfully cultivated and maintained social capital despite encountering numerous challenges, including severe natural disasters, labor conflicts, borrower protests, payment crises, and liquidity issues; and Grameen Bank fosters various forms of social capital and trust. The traits of MSMEs in Bandung are largely comparable to those in other Indonesian cities. In addition to the classification requirements for MSMEs set forth in Law No. 20 of 2008, additional characteristics of MSMEs may be informally acknowledged beyond the legislative framework.

Microenterprises generally function informally, devoid of a clear business strategy. The legal standing is frequently inadequate or entirely absent. Women from economically marginalized communities primarily operate this enterprise. The barrier to entry in this industry is virtually nonexistent. The corporate expansion is advancing gradually. It typically encompasses numerous firms. Business turnover occurs rapidly. The ability to withstand climate fluctuations and economic challenges has significantly improved. Asset growth had negligible enhancement (Puteri and Wijayangka, 2020). The number of personnel is fewer than four. The organization possesses a developing yet organized financial administration, albeit it remains rudimentary.

This study's findings indicate that although awareness of digital marketing among UMKM in Bandung is comparatively high, the degree of actual adoption is inconsistent. The majority of respondents expressed acquaintance with sites including Instagram, WhatsApp Business, and Shopee; yet, only a limited number utilize these networks strategically or consistently. This corresponds with the findings of Pratama & Firmansyah (2020), who observed that UMKM typically utilize digital platforms reactively rather than proactively.

Numerous obstacles were discovered, including insufficient digital competencies, inadequate time for managing online platforms, and financial limitations. These concerns align with the theory established by Nugroho et al. (2021), which contends that effective digital transformation in UMKM necessitates not only tools but also people capacity and institutional backing.

Notably, despite the perceived challenges, numerous UMKM proprietors demonstrated a keen enthusiasm in acquiring knowledge about digital marketing. The situation presents a significant opportunity for governmental and non-governmental


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entities to develop accessible, practical, and cost-effective training programs. Hartono (2022) underscores the significance of mentoring as a critical aspect in successful digital adoption. This study corroborates that perspective, revealing that UMKM participants with access to digital marketing training exhibited markedly improved performance in sales growth and customer engagement.

Furthermore, the pandemic served a dual purpose: it expedited the digitalization process while simultaneously revealing systemic deficiencies in UMKM readiness (Witjaksono et al, 2023). While several enterprises promptly transitioned to online operations, others were inundated by the abrupt necessity to adapt without sufficient assistance. This underscores the necessity for a systematic digitalization strategy for UMKM, especially at the municipal level in Bandung. The findings underscore the significance of social media literacy. Numerous UMKM connect digital marketing exclusively with social media posting, neglecting other elements such as analytics, search engine optimization, and client relationship management. This deficiency in comprehension constrains the potential efficacy of their digital presence.

Chaffey's (2015) expansive definition of digital marketing serves as a valuable criterion for assessing the comprehensiveness of UMKM strategies. The study demonstrates that digital marketing is not simply a promotional instrument but an essential element of corporate sustainability. For UMKM in Bandung to prosper in a progressively digital economy, a multi-stakeholder strategy is essential—integrating education, financing, infrastructure, and policy reform. The company is overseen by families or close relatives of the staff members. The barrier to entrance is fundamentally negligible. Business types are continually developing. The majority comprises diverse companies. Business turnover occurs rapidly. Business growth does not readily escalate substantially.

The workforce comprises a minimum of five and a maximum of nineteen individuals. Medium-sized enterprises have traits akin to those of huge organizations. Medium-sized enterprises have already implemented an organizational framework and assigned authority for decision-making (Aufar, 2014). Financial administration is typically systematic and increasingly precise. A division has arisen inside management. The finance director regularly oversees the execution of the company's financial policy. They typically possess legal standing. The workforce comprises between 20 and 99 employees, or fewer than 100. This section examines MSMEs through the lens of trade and industry. Small businesses and industries represent the predominant majority, comprising around 75% of all enterprises. This figure reflects the substantial scope of


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commercial and industrial operations in the small-scale sector, necessitating government involvement to guarantee the viability of small enterprises and industries.

Small and medium-sized enterprises (SMEs) primarily function on a restricted scale, encompassing microenterprises under this category. Significant employment in small commerce or industry is crucial for mitigating unemployment and stabilizing the macroeconomic conditions in Bandung. Conversely, investment in large-scale commercial and industrial enterprises remains paramount. This indicates that barriers remain regarding access to investment or capital (Anjarwati et al, 2023). Secondly, in terms of labor absorption, informal commerce and industrial enterprises employ significantly more workers than the formal sector. In 2007, employment in informal trade enterprises was thrice greater than in the formal economy. From 2005 to 2006, the industry experienced a notable decline in labor absorption, which continued into 2007, falling within the labor absorption rates of the formal sector. This reduction indicates a problem with the non-formal sector's ability to absorb labor. Micro and small enterprises, representing the informal sector, predominantly encounter this challenge due to their incapacity to access financial institutions for operational requirements.

The Bandung City administration has undertaken many measures to enhance the MSME sector, including the provision of soft finance, revolving funds, and unsecured loans (Aprilianti et al, 2023). However, not all governmental efforts successfully engage every tier of MSMEs. Data indicates that approximately 33% of MSMEs reported getting governmental help, but the remaining 67% claimed they had not received any support from the government. The survey indicates that approximately 33% of MSMEs reported receiving governmental aid, but the remaining 67% claimed they had not obtained any support from the government. Kindly provide the text you would like translated.

Indonesia possesses a significant quantity of MSME sectors, with the Office of Cooperatives and Micro, Small, and Medium Enterprises recording 59.69 million MSME participants. Micro, small, and medium enterprises (MSMEs) are a vital component of Indonesia's economy, representing 62.57% of the gross domestic product (GDP) in 2016. Research conducted by Davis, Hills, and LaForge (1985) illustrates that the MSME sector performs three critical functions in augmenting gross national income (GNI), facilitating employment absorption, and fostering innovation.

Marketing is a fundamental aspect of company functions. Effective management is essential for business growth, enhanced development, and successful competition with rivals. A fundamental component of marketing is the marketing strategy and the marketing mix. Marketing strategies are essential for the precise selection of market categories,


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identification of target markets, and market positioning. Websites and social media have afforded numerous chances for SMEs to expand their markets, particularly in enhancing engagement with their target audience. Another rationale for SMEs to promote their products and services via websites and social media is the minimal entrance barrier, facilitating effortless marketing on these platforms (Oztamur and Karakadilar, 2014).

The study by Davis, Hills, and LaForge (1985) indicates that MSME members utilize fewer strategic options than larger enterprises. MSME enterprises often exhibit distinct strategic priorities in contrast to large corporations, even while operating within identical market conditions. Knight's (2000) research demonstrates that globalization profoundly influences the MSME sector, requiring MSME stakeholders to skillfully utilize suitable technologies to improve their competitiveness or innovate products that better satisfy customer needs than those of their market rivals.

Medium enterprises are independent economic entities overseen by individuals or groups that are neither subsidiaries nor branches of small or large corporations, characterized by their net worth or annual sales volume (Abdurohim, 2023). In 2015, a study by the Indonesian Banking Development Institute, in partnership with Bank Indonesia, identified some unique characteristics of these MSMEs. Below are a few unique characteristics: Currently, there is a lack of consistency in the quality of products and services. Certain SMEs, lacking technical expertise, hinder the standardization process by manually producing the majority of their products or services.

The lack of information and expertise among MSMEs on their offerings leads to limited product design. Restricted product design arises from SMEs' insufficient knowledge and competence concerning their products or services. The majority of MSMEs operate according to client requests, leading to a lack of willingness to innovate new concepts. The range of things or services offered is limited; sometimes, MSMEs create only a narrow selection of offerings. The variety of things or services available is limited; frequently, MSMEs manufacture only a restricted range of offerings (Aziz eet al, 2021). When a new model is in demand, they often face challenges in satisfying that need, and even if they agree, fulfillment will require additional time.

Capacity and constrained product pricing: Small and medium-sized firms frequently have challenges in assessing production capacity and establishing pricing for their products or services. Restricted product capacity and price structures: Small and medium-sized enterprises frequently encounter challenges in establishing production capacity and pricing for their offerings (Ginting et al, 2019). The diverse sources of raw materials have led to diminished uniformity, hence impacting the quality of the finished


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products. The raw materials demonstrate inconsistency due to their diverse origins, which will obviously impact the quality of the final goods. The product's sustainability is ambiguous and insufficient, typically characteristic of MSME production. The production processes of MSMEs are flawed and unsustainable. Persistent disorder will adversely impact the quality of the generated goods, leading to mediocrity.

The marketing strategy will encompass two fundamental components: first, the identification of the consumer demographics the company intends to target, necessitating market segmentation analysis; second, the establishment of how the company will generate value for this target market, requiring clarity on differentiation and positioning (Kotler and Armstrong, 2014). The formulation of strategy is an organizational process that integrates many business activities to delineate the company's mission and strategic goals. The organization's culture and value system significantly impact the analysis, planning, decision-making, and management activities inside the business framework. Miller and Friesen (1984); Porter (1980).

To formulate a marketing plan, it is essential to identify the consumers we can effectively serve and meet their demands, as well as determine how the company can convey its value to them. This process entails defining market segmentation, selecting a target market, positioning within the market, and differentiating the firm (Kotler and Armstrong, 2014). The findings of this study confirm that although the Bandung City Government has undertaken admirable initiatives to encourage MSME development—such as training, access to capital, and promotional platforms—the results are inconsistent, especially for lower-middle-income entrepreneurs. The gap between program availability and accessibility underscores systemic issues that need to be resolved to guarantee equitable economic growth. A significant discovery is the disparity between digital marketing awareness and its effective execution.

Numerous MSME operators recognize the promise of platforms such as Instagram, WhatsApp Business, and Tokopedia, yet they lack the requisite skills or strategic acumen to effectively leverage these technologies for sustainable growth. The digital skill gap is exacerbated by insufficient mentorship and inadequate follow-up methods after training, reflecting the conclusions of Setiadi (2019) and Hartono (2022), who highlight the essential importance of ongoing capacity building. Furthermore, the analysis reveals a discrepancy between program design and the actual experiences of small business owners. Government programs frequently adopt a top-down methodology, characterized by minimal grassroots involvement in planning or feedback processes. Consequently,


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numerous MSMEs regard the support as excessively bureaucratic or unattainable, thereby deterring participation and diminishing the overall efficacy of the program.

An additional concern noted is the underutilization of financial support programs stemming from administrative obstacles and insufficient awareness (Lestari, 2014). Despite the theoretical availability of microloans and credit facilities, numerous MSMEs in lower-income brackets either fail to satisfy formal criteria or lack awareness of the application procedures. This indicates a necessity for streamlined, transparent processes and enhanced outreach, particularly within underrepresented business communities. Nonetheless, the discourse must also acknowledge the success criteria identified inside the domain. MSMEs that achieved growth via government assistance generally benefited from community-based mentoring, regular interaction with facilitators, and peer networks that fostered learning and innovation.

These success narratives underscore the significance of a comprehensive, ecosystem-oriented strategy for empowerment—one that transcends individual interventions and promotes collaboration across government, the corporate sector, NGOs, and academics. The Bandung City Government has the opportunity to transition from a provider of fragmented support to a central coordinator of a comprehensive MSME development ecosystem (Puspitaningsih et al, 2022). This entails enhancing digital inclusion initiatives, decentralizing training provision, facilitating flexible policy frameworks, and establishing comprehensive monitoring and evaluation mechanisms. As an approach the conclusion, the overarching message is evident: empowering MSMEs transcends mere enhancement of company capacity; it aims to foster a more fair and resilient urban economy (Harto, 2020). The insights from Bandung can guide analogous projects in other cities, especially regarding local governments' interactions with economically deprived people to foster inclusive growth.

## CONSLUSION

This study examines the empowerment of MSMEs (micro, small, and medium companies) in Bandung and the strategic role of the Bandung City Government in facilitating their development, especially within lower-middle-income classes. The research findings indicate that although government initiatives, including training, financial access, digital marketing support, and business facilitation, have been established, their efficacy remains obstructed by practical problems. These encompass deficiencies in digital literacy, insufficient money, absence of mentoring continuity, and bureaucratic obstacles.


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International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

Notwithstanding these challenges, numerous MSMEs have seen significant development through active engagement in government-sponsored empowerment programs. These success narratives emphasize the significance of a holistic and ongoing support framework that meets financial and technology requirements while simultaneously enhancing human potential and fortifying entrepreneurial networks. The results underscore that enabling MSMEs necessitates a comprehensive approach that aligns local economic development objectives with adaptable and inclusive policies. The Bandung City Government must improve the coordination, accessibility, and sustainability of its assistance programs to guarantee they successfully reach and support lower-middle-income entrepreneurs.

The study ultimately indicates that the empowerment of MSMEs is a crucial catalyst for inclusive economic growth in Bandung. For success, support must be comprehensive, consistent, and based on the genuine needs of the community. Bandung possesses the potential to serve as a paradigm for MSME-driven development across Indonesia, contingent upon enhanced implementation, oversight, and collaboration among stakeholders. This study analyzed the Bandung City Government's involvement in enhancing micro, small, and medium enterprises (MSMEs) as a driver of economic growth, especially within lower-middle-income demographics. The research indicated that MSMEs are fundamental to Bandung's urban economy, providing employment, fostering innovation, and stimulating localized economic activity. Nonetheless, despite their essential function, numerous MSMEs continue to be susceptible because of constrained resources, inadequate digital literacy, and lack of access to organized support systems.

Government interventions, like entrepreneurship training, access to microcredit, and digital marketing support, have proven beneficial but are sometimes transient and given inconsistently. Numerous MSME operators indicated challenges in maneuvering application processes, maintaining the advantages of training, or efficiently employing digital platforms due to insufficient mentoring and follow-up. These difficulties underscore a gap between earnest policy endeavors and the actual requirements of MSMEs in practice. Nevertheless, the report highlighted instances of success when MSMEs markedly enhanced operations through sustained participation in government initiatives. These instances illustrate that strategic and continuous support, especially in capacity building, digital transformation, and business formalization, can result in significant enhancements in business performance and resilience.

To address the existing implementation gap, the Bandung City Government must develop a more integrated and participatory strategy for MSME empowerment. This


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method entails enhancing interdepartmental cooperation, involving local communities in program development, and establishing collaborations with the business sector and academic entities to provide specialized training and innovative assistance. Digital inclusion should be promoted not only by providing access to technology but also through customized mentoring, ongoing education, and intuitive, user-friendly platforms. Moreover, we cannot emphasize enough the significance of assessment and data acquisition. Future MSME programs must have systems for performance evaluation, feedback acquisition, and continuous improvement to guarantee sustainability and efficacy. This feedback loop will enable programs to adapt and maintain relevance amid evolving economic conditions and technological progress.

In summary, supporting MSMEs in Bandung transcends economic policy; it constitutes a strategic investment in community development, poverty alleviation, and inclusive growth. By transitioning from ad hoc interventions to a sustainable, evidence-based, and community-oriented strategy, Bandung might become a paradigm city for MSME resilience and innovation in Indonesia. The findings of this study can assist policymakers, stakeholders, and development partners in formulating more effective empowerment initiatives that genuinely enhance the potential of MSMEs in lower-middle-income settings.

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